

Docket NO. 12-419F

DELMARVA POWER & LIGHT COMPANY

RECEIVED

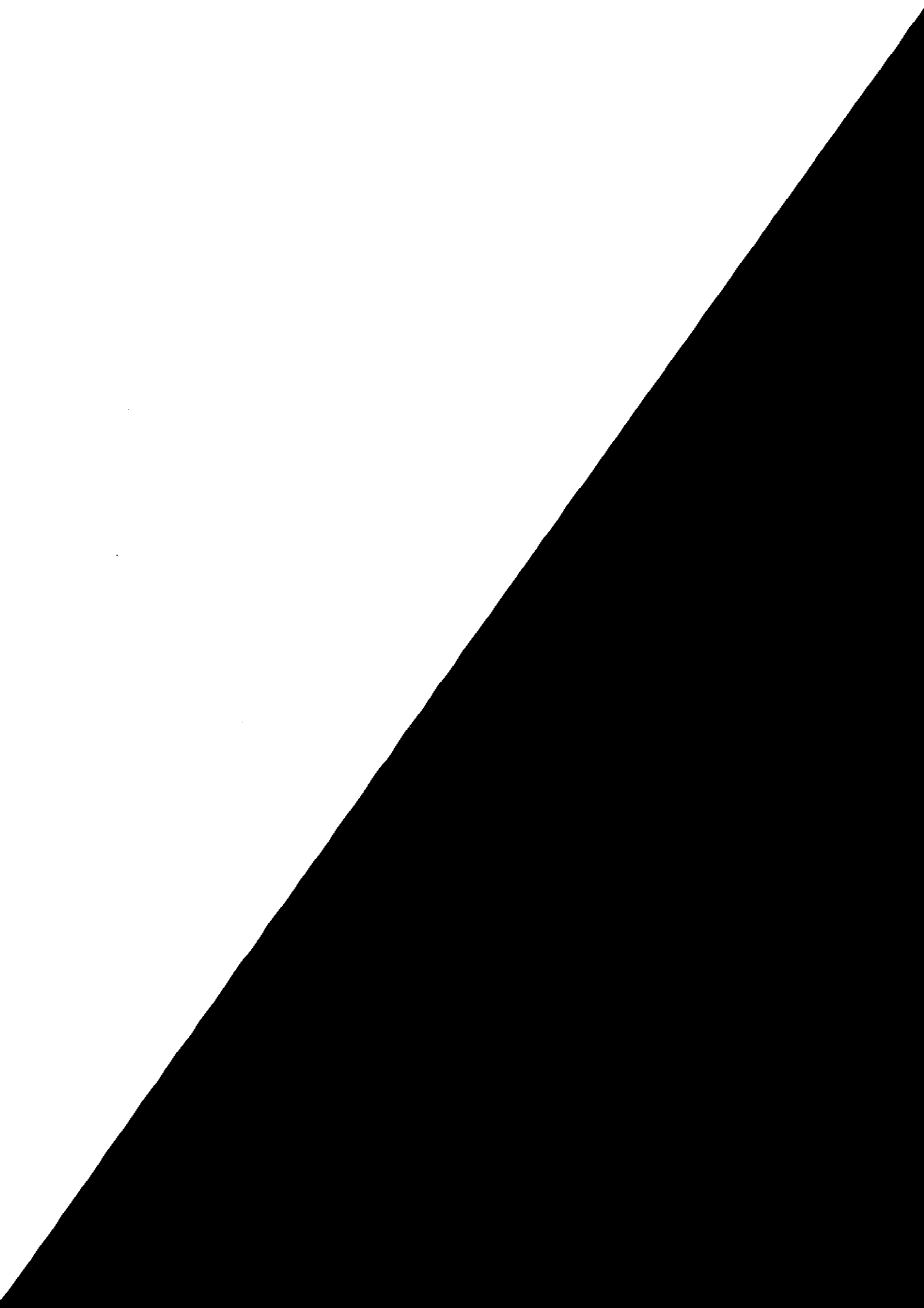
2012 AUG 31 PM 1 32

DELAWARE P.S.C.

**GAS COST RATE
NOVEMBER 2012 - OCTOBER 2013**

(APPLICATION, TESTIMONY, AND SCHEDULES)

**BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION**



BRIEFING SHEET
2012- 2013 GAS COST RATE
DELAWARE PSC DOCKET NO. 12- F

SUBJECT:

Delmarva Power & Light Company's Application to establish its annual commodity cost rate and the demand cost rate components of the Gas Cost Rate (GCR) for the period November 1, 2012 through October 31, 2013.

CHANGE SOUGHT:

Delmarva seeks to revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG, to revise the volumetrically applied GCR factors applicable to Service Classifications RG, GG, GL, and non-electing MVG, effective on November 1, 2012, with proration. The proposed GCR factors, compared to the presently effective charges, are shown below:

| <u>Rate Schedules</u> | <u>Present</u> | | <u>Proposed</u> | |
|-----------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> |
| RG, GG and GL | N/A | 88.804¢/ccf | N/A | 68.967¢/ccf |
| Non-electing MVG | \$11.0936/Mcf of Billing MDQ | \$7.1740/Mcf | \$11.6589/Mcf of Billing MDQ | \$5.1051/Mcf |
| Electing MVG and LVG | \$11.0936/Mcf of Billing MDQ | Varies | \$11.6589/Mcf of Billing MDQ | Varies |
| Standby Service | \$11.0936/Mcf of Standby MDQ | N/A | \$11.6589/Mcf of Standby MDQ | N/A |

REASONS FOR FILING:

To establish the Gas Cost Rate factors for the twelve-month period November 2012 through October 2013. Section XX - Gas Cost Rate Clause of Delmarva's Gas Service Tariff requires, among other things, the submission of the Company's estimated annual gas costs for the twelve-month period beginning with the November billing month. Additionally, the Company proposes to reconcile and true-up actual versus estimated Commodity Cost Rate assignments for LVG and electing MVG customers.

EFFECTIVE DATE:

Effective with usage on and after November 1, 2012, with proration.

IMPACT ON CUSTOMERS:

Customers served under Service Classifications RG, RSH, and GL will experience a 22.3% decrease in the level of the GCR. The effect on a residential space heating Customer using 120 ccf in a winter month would be a decrease of \$23.80, or 14.4%, in their total bill. Customers served on Service Classification GG will experience a 12.7% to a 16.8% decrease on their winter bills. Non-Electing MVG Customers will experience a change on their winter bills within the ranges of a 22.7% decrease to a 23.2% decrease, depending on their load and usage characteristics. LVG Customers will experience a change on their winter bills within the ranges of a 20.0% to 25.0% decrease.

Section I - Application

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION
OF DELMARVA POWER & LIGHT COMPANY
FOR APPROVAL OF MODIFICATIONS
TO ITS GAS COST RATES
(Filed August 31, 2012)**

)
)
) PSC Docket No. 12-____F
)
)

**APPLICATION OF
DELMARVA POWER & LIGHT COMPANY FOR
APPROVAL OF MODIFICATIONS
TO ITS GAS COST RATES**

Delmarva Power & Light Company ("Delmarva," or the "Company") makes the following application, pursuant to 26 Del. C. §§ 303(b) and 304, for approval of modifications to its gas cost rates. In support of its application, Delmarva states:

1. The Applicant is Delmarva Power & Light Company, New Castle Regional Office, 401 Eagle Run Road, P. O. Box 9239, Newark, Delaware, 19714. All communications concerning this Application should be sent to Ashley T. Adams at the above address, and to Counsel for the Applicant identified in Paragraph 2.
2. Counsel for Delmarva is Todd L. Goodman, Delmarva Power & Light Company, 500 North Wakefield Drive, Newark, DE 19702.

Delmarva makes the following requests:

The approval of its proposed changes to its Gas Cost Rates as follows:

| <u>Rate Schedules</u> | <u>Present</u> | | <u>Proposed</u> | |
|-------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> |
| RG, GG and GL | N/A | 88.804¢/ccf | N/A | 68.967¢/ccf |
| Non-electing MVG | \$11.0936/Mcf of Billing MDQ | \$7.1740/Mcf | \$11.6589/Mcf of Billing MDQ | \$5.1051/Mcf |
| Electing MVG and LVG | \$11.0936/Mcf of Billing MDQ | Varies | \$11.6589/Mcf of Billing MDQ | Varies |
| Standby Service | \$11.0936/Mcf of Standby MDQ | N/A | \$11.6589/Mcf of Standby MDQ | N/A |

4. The approval to reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the Large Volume Gas service and for so-called "electing" customers taking service under the Medium Volume Gas classification.

5. That its proposed GCR changes including the "true-ups" referenced in paragraph 3 above be made effective for usage on and after November 1, 2012, with proration.

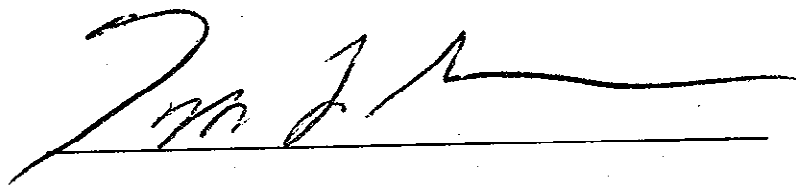
6. A revision of the balancing charge rate applicable to Gas Transportation Customers.

WHEREFORE, Delmarva requests that the Commission issue an order directing the Company to publish the attached public notice, and, after hearing, approve the proposed gas cost rates and other requests described herein.

Respectfully submitted,

DELMARVA POWER & LIGHT COMPANY

By:



Todd L. Goodman, Esquire
Delmarva Power & Light Company
500 North Wakefield Drive
Newark, DE 19702
(302) 429-3786

DATED: August 24th, 2012

EXHIBIT B

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS) PSC Docket No. 12-__F
TO ITS GAS COST RATES)
(Filed August 31, 2012)**

ORDER NO. _____

AND NOW, to-wit, this ____ day of _____, A.D., 2012, Delmarva Power & Light Company, having, on August 31, 2012, filed the above-captioned Application with the Commission seeking approval to modify its Gas Cost Rates and for approval of related calculations to "true-up" costs and credits associated with the Large Volume Gas service and for "electing" customers under the Medium Volume Gas service;

AND, the Commission having determined, pursuant to 26 Del. C. §§ 303 and 304, that the proposed Gas Cost Rates and other requested modifications to its tariffs should be permitted to become effective for usage on and after November 1, 2012, with proration, and subject to refund pending evidentiary hearings and further review by the Commission;

NOW THEREFORE,

IT IS ORDERED:

1. That pursuant to 26 Del. C. §§ 301 and 305, the application made by Delmarva Power on August 31, 2012, for modifications to its Gas Cost Rates and other tariff provisions be made effective as of November 1, 2012, with proration, subject to refund and evidentiary hearings to be held at a later date.
2. That _____ is designated as Hearing Examiner for this docket pursuant to the terms and provisions of 26 Del. C. § 502 and 29 Del. C. ch. 101 to schedule and conduct such public evidentiary hearings as may be necessary to develop a full and complete record concerning this matter, and to report to the Commission proposed findings and recommendations based on the evidence presented.
_____ is designated Rate Counsel for this matter.
3. That Delmarva Power shall give public notice of the filing of this application and of the Commission action thereon by publishing notice in the form attached hereto as Addendum to Exhibit "B" in two-column format, outlined in black in the legal classified sections of The News Journal on _____, 2012, with proof of such publication to be provided to the Commission as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.
4. That Delmarva Power is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. § 114(b)(1).
5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

CHAIR

VICE-CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY

ADDENDUM TO EXHIBIT B

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION
OF DELMARVA POWER & LIGHT COMPANY
FOR APPROVAL OF MODIFICATIONS
TO ITS GAS COST RATES
(Filed August 31, 2012)**

)
)
) PSC Docket No. 12-____F
)
)

PUBLIC NOTICE

**TO: ALL NATURAL GAS CUSTOMERS OF DELMARVA POWER &
LIGHT COMPANY**

Pursuant to 26 Del. C. §§ 303 and 304, Delmarva Power & Light Company ("Delmarva" or the "Company") has filed an Application with the Delaware Public Service Commission ("Commission"). If the Company's Application is approved by the Commission as filed, the average residential gas space heating customer using 120 ccf of gas would see a reduction in their monthly bill of \$23.80 during the winter heating season. The Application requests a reduction in Gas Cost Rates as follows:

| <u>Rate Schedules</u> | <u>Present</u> | | <u>Proposed</u> | |
|-------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> | <u>GCR Demand Charge</u> | <u>GCR Commodity Charge</u> |
| RG, GG and GL | N/A | 88.804¢/ccf | N/A | 68.967¢/ccf |
| Non-electing MVG | \$11.0936/Mcf of Billing MDQ | \$7.1740/Mcf | \$11.6589/Mcf of Billing MDQ | \$5.1051/Mcf |
| Electing MVG and LVG | \$11.0936/Mcf of Billing MDQ | Varies | \$11.6589/Mcf of Billing MDQ | Varies |
| Standby Service | \$11.0936/Mcf of Standby MDQ | N/A | \$11.6589/Mcf of Standby MDQ | N/A |

In addition, the Application requests approval of the Company's proposal to reconcile and true-up actual versus estimated WACCOG assignments for sales under the Large Volume Gas service and for so-called "electing" customers taking service under the Medium Volume Gas service. The Commission has permitted the proposed Gas Cost Rates and other rate related modifications to become effective as of November 1, 2012, subject to refund after evidentiary hearings and further proceedings. The Commission's action on this Application will be based upon the evidence presented at evidentiary hearings to be scheduled at a later date.

Any person or group wishing to participate formally as a party in this docket (PSC Docket No. 12-____F), with the right to submit evidence and to be represented by counsel must, in accordance with Rule 11, petition the Commission for and be granted leave to intervene in the proceedings in this docket. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Suite 100, Cannon Building, Dover, Delaware 19904 on or before _____, 2012. Petitions received thereafter will not be considered except for good cause shown.

Copies of the Application and the testimony and schedules the Company has filed in this docket are available for public inspection at the Commission's Dover office at the address set out above. Persons may also review copies of the Application and testimony by contacting the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street, Wilmington, Delaware at (302) 577-5077.

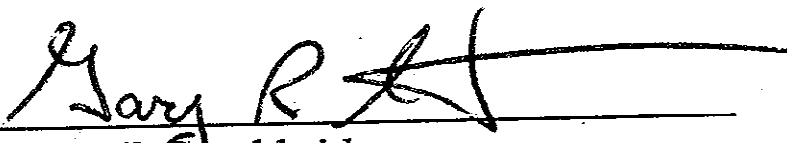
Individuals with disabilities who wish to participate in these proceedings or to review this tariff filing may contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person,

by writing, telephonically, by use of the Telecommunications Relay Service, or otherwise.

The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4333 and that number should also be used for Text Telephone ("TT") calls. Inquiries can also be sent to the Commission by Internet email to malika.davis@state.de.us.

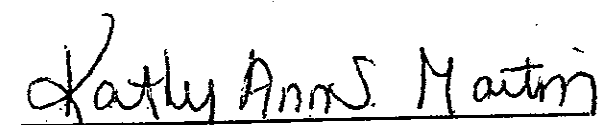
STATE OF DELAWARE)
)
COUNTY OF NEW CASTLE) SS.

On this 27 th day of August, 2012, personally came before me, the subscriber, a Notary Public in and for the State and County aforesaid Gary R Stockbridge, Regional President of Pepco Holdings, Inc., a Corporation existing under the laws of the State of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such Corporation, that the signature of such Regional President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.



Gary R Stockbridge
President – Delmarva Region

SWORN TO AND SUBSCRIBED before me this 27 th day of August 2012.



Kathy Ann S. Martin
Notary Public

My Commission expires: February 1, 2015

RATES AND CHARGES
CORE SALES RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>BASIS</u> |
|--------------------------------------------------|------------------|------------------------|
| <u>Residential Gas Sales Service ("RG")</u> | | |
| Customer Charge | \$10.40 | per month |
| Commodity Charge | \$0.45802 | per CCF |
| Space Heating Commodity Charge 1/ Over 50 CCF | \$0.36754 | per CCF |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| Gas Cost Rate (GCR) | \$0.68967 | per CCF |
| <u>General Gas Sales Service ("GG")</u> | | |
| Customer Charge | \$29.71 | per month |
| Commodity Charge | | |
| First 750 CCF | \$0.38049 | per CCF |
| Over 750 CCF | \$0.28421 | per CCF |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| Gas Cost Rate (GCR) | \$0.68967 | per CCF |
| <u>Gas Lighting Sales Service ("GL")</u> | | |
| (Estimated Usage - 15 CCF per month) | | |
| Monthly Charge | \$ 6.44 | per gas light |
| Gas Cost Rate (GCR) | \$10.35 | per gas light |
| <u>Medium Volume Gas Sales Service ("MVG")</u> | | |
| Customer Charge | \$456.12 | per month |
| Demand Charge | \$ 14.57 | per MCF of Billing MDQ |
| Commodity Charge 2/ | \$0.46757 | per MCF |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| Gas Cost Rate (GCR) Demand Charge | \$11.6589 | per MCF of Billing MDQ |
| Gas Cost Rate (GCR) Commodity Charge 2/ | \$5.1051 | per MCF |
| <u>Large Volume Gas Sales Service ("LVG")</u> | | |
| Customer Charge | \$690.36 | per month |
| Demand Charge | \$8.97 | per MCF of Billing MDQ |
| Commodity Charge 2/ | \$0.11248 | per MCF |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| Gas Cost Rate (GCR) Demand Charge | \$11.6589 | per MCF of Billing MDQ |
| Gas Cost Rate (GCR) Commodity Charge 2/ | Varies | per MCF |

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order No.
Docket No.

Filed: August 31, 2012
Effective with Usage On and After November 1, 2012

Proposed

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>BASIS</u> |
|-------------------------------------------|------------------|----------------------------------------------------------------------------|
| <u>General Volume Firm Transportation</u> | | |
| <u>Service ("GVFT")</u> | | |
| Customer Charge | \$328.88 | per month |
| Delivery Charge | | |
| First 750 CCF | \$0.38049 | per CCF Redelivered |
| Over 750 CCF | \$0.28421 | per CCF Redelivered |
| Balancing Fee Non-Base Rate | \$0.03348 | per CCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| <u>Medium Volume Firm Transportation</u> | | |
| <u>Service ("MVFT")</u> | | |
| Customer Charge | \$755.30 | per month |
| Demand Charge | \$ 14.57 | per MCF of Billing MDQ |
| Delivery Charge | \$ 0.46757 | per MCF Redelivered |
| Balancing Fee Non-Base Rate | \$ 0.3348 | per MCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| <u>Large Volume Firm Transportation</u> | | |
| <u>Service ("LVFT")</u> | | |
| Customer Charge | \$989.53 | per month |
| Demand Charge | \$ 8.97 | per MCF of Billing MDQ |
| Delivery Charge | \$ 0.11248 | per MCF Redelivered |
| Balancing Fee Non-Base Rate | \$ 0.3348 | per MCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| <u>Standby Service ("SBS")</u> | | |
| Demand Charge Non-Base Rate | \$11.6589 | per MCF of Standby MDQ |
| Commodity Charge | | Monthly System WACCOG per MCF (adjusted for losses and unaccounted for) |

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

RATES AND CHARGES

NON-CORE RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>MIN RATE</u> | <u>MAX RATE</u> | <u>NON-BASE RATE</u> | <u>BASIS</u> |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|--------------------------|----------------------------------------------------------------------------------|
| <u>Flexibly Priced Gas Service ("FPS")</u> | | | | | |
| Commodity Charge 1/ No Notice Swing Charge | \$ 0.15000 | Varies | N/A | | per MCF per MCF Redelivered |
| <u>Medium Volume Interruptible Transportation Service ("MVIT")</u> | | | | | |
| Customer Charge | \$590.00 | | | | per month |
| Delivery Charge (2) | | | | | |
| Option 1 | \$ 1.30000 | | | | per MCF Redelivered |
| Option 2 | | \$0.01 | \$3.27 | | per MCF Redelivered |
| Option 3 | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.3348 | per MCF of Imbalance Volumes |
| <u>Large Volume Interruptible Transportation Service ("LVIT")</u> | | | | | |
| Customer Charge | \$775.00 | | | | per month |
| Delivery Charge (2) | | | | | |
| Option 1 | | | | | |
| First 5,000 MCF | \$ 1.30000 | | | | per MCF Redelivered |
| Over 5,000 MCF | \$ 0.36000 | | | | per MCF Redelivered |
| Option 2 | | \$0.01 | \$1.00 | | per MCF Redelivered |
| Option 3 | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.3348 | per MCF of Imbalance Volumes |
| <u>Quasi-Firm Transportation Service ("QFT")</u> | | | | | |
| Customer Charge | Negotiable | | | | per Month |
| Demand Charge | Negotiable | | | | per MCF of MDQ |
| Delivery Charge (2) | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.3348 | per MCF of Imbalance Volumes |
| <u>Public Utilities Tax</u> | | | | | |
| | 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax. | | | | |
| <u>City of Wilmington</u> | | | | | |
| <u>Local Franchise Tax</u> | | | | 2.00% | Charged on all non-exempt services, in the City of Wilmington, including the GCR |

1/ Minimum Rate is the monthly system WACCOG plus losses and unaccounted-for, unless gas is acquired specifically for, plus \$0.01 per Mcf.

2/ Minimum and maximum rates do not include the applicable \$0.00000/Mcf charge on QFT, MVIT and LVIT.

Order No.
Docket No.

Filed: August 31, 2012
Effective with Usage On and After November 1, 2012

Proposed

RATES AND CHARGES
CORE SALES RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>BASIS</u> |
|--------------------------------------------------|----------------------------|------------------------|
| <u>Residential Gas Sales Service ("RG")</u> | | |
| Customer Charge | \$10.40 | per month |
| Commodity Charge | \$0.45802 | per CCF |
| Space Heating Commodity Charge 1/ Over 50 CCF | \$0.36754 | per CCF |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| Gas Cost Rate (GCR) | \$0.88804 68967 | per CCF |
| <u>General Gas Sales Service ("GG")</u> | | |
| Customer Charge | \$29.71 | per month |
| Commodity Charge | | |
| First 750 CCF | \$0.38049 | per CCF |
| Over 750 CCF | \$0.28421 | per CCF |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| Gas Cost Rate (GCR) | \$0.88804 68967 | per CCF |
| <u>Gas Lighting Sales Service ("GL")</u> | | |
| (Estimated Usage - 15 CCF per month) | | |
| Monthly Charge | \$ 6.44 | per gas light |
| Gas Cost Rate (GCR) | \$13.32 10.35 | per gas light |
| <u>Medium Volume Gas Sales Service ("MVG")</u> | | |
| Customer Charge | \$456.12 | per month |
| Demand Charge | \$ 14.57 | per MCF of Billing MDQ |
| Commodity Charge 2/ | \$0.46757 | per MCF |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| Gas Cost Rate (GCR) Demand Charge | \$11.09366 589 | per MCF of Billing MDQ |
| Gas Cost Rate (GCR) Commodity Charge 2/ | \$7.17405 1.051 | per MCF |
| <u>Large Volume Gas Sales Service ("LVG")</u> | | |
| Customer Charge | \$690.36 | per month |
| Demand Charge | \$8.97 | per MCF of Billing MDQ |
| Commodity Charge 2/ | \$0.11248 | per MCF |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| Gas Cost Rate (GCR) Demand Charge | \$11.09366 589 | per MCF of Billing MDQ |
| Gas Cost Rate (GCR) Commodity Charge 2/ | Varies | per MCF |

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

~~Order Nos. 8040 & 8041~~ No.

Filed: ~~October~~ August 31, 20112012

~~Docket Nos. 11-381F & 11-382~~ No.

Effective with Usage On and After November 1, 20112012

Filed in Compliance with Order No. 8040 in Docket No. 11-381F
and with Order No. 8041 in Docket No. 11-382

Proposed

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>BASIS</u> |
|-------------------------------------------|----------------------------------------|----------------------------------------------------------------------------|
| <u>General Volume Firm Transportation</u> | | |
| <u>Service ("GVFT")</u> | | |
| Customer Charge | \$328.88 | per month |
| Delivery Charge | | |
| First 750 CCF | \$0.38049 | per CCF Redelivered |
| Over 750 CCF | \$0.28421 | per CCF Redelivered |
| Balancing Fee Non-Base Rate | \$0.03829 ^{0.3348} | per CCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00013 | per CCF |
| <u>Medium Volume Firm Transportation</u> | | |
| <u>Service ("MVFT")</u> | | |
| Customer Charge | \$755.30 | per month |
| Demand Charge | \$ 14.57 | per MCF of Billing MDQ |
| Delivery Charge | \$ 0.46757 | per MCF Redelivered |
| Balancing Fee Non-Base Rate | \$ 0.3829 ^{0.3348} | per MCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| <u>Large Volume Firm Transportation</u> | | |
| <u>Service ("LVFT")</u> | | |
| Customer Charge | \$989.53 | per month |
| Demand Charge | \$ 8.97 | per MCF of Billing MDQ |
| Delivery Charge | \$ 0.11248 | per MCF Redelivered |
| Balancing Fee Non-Base Rate | \$ 0.3829 ^{0.3348} | per MCF of Imbalance Volumes |
| Environmental Surcharge Rider | \$0.00128 | per MCF |
| <u>Standby Service ("SBS")</u> | | |
| Demand Charge Non-Base Rate | \$11.0936 ⁶⁵⁸⁹ | per MCF of Standby MDQ |
| Commodity Charge | | Monthly System WACCOG per MCF (adjusted for losses and unaccounted for) |

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

RATES AND CHARGES

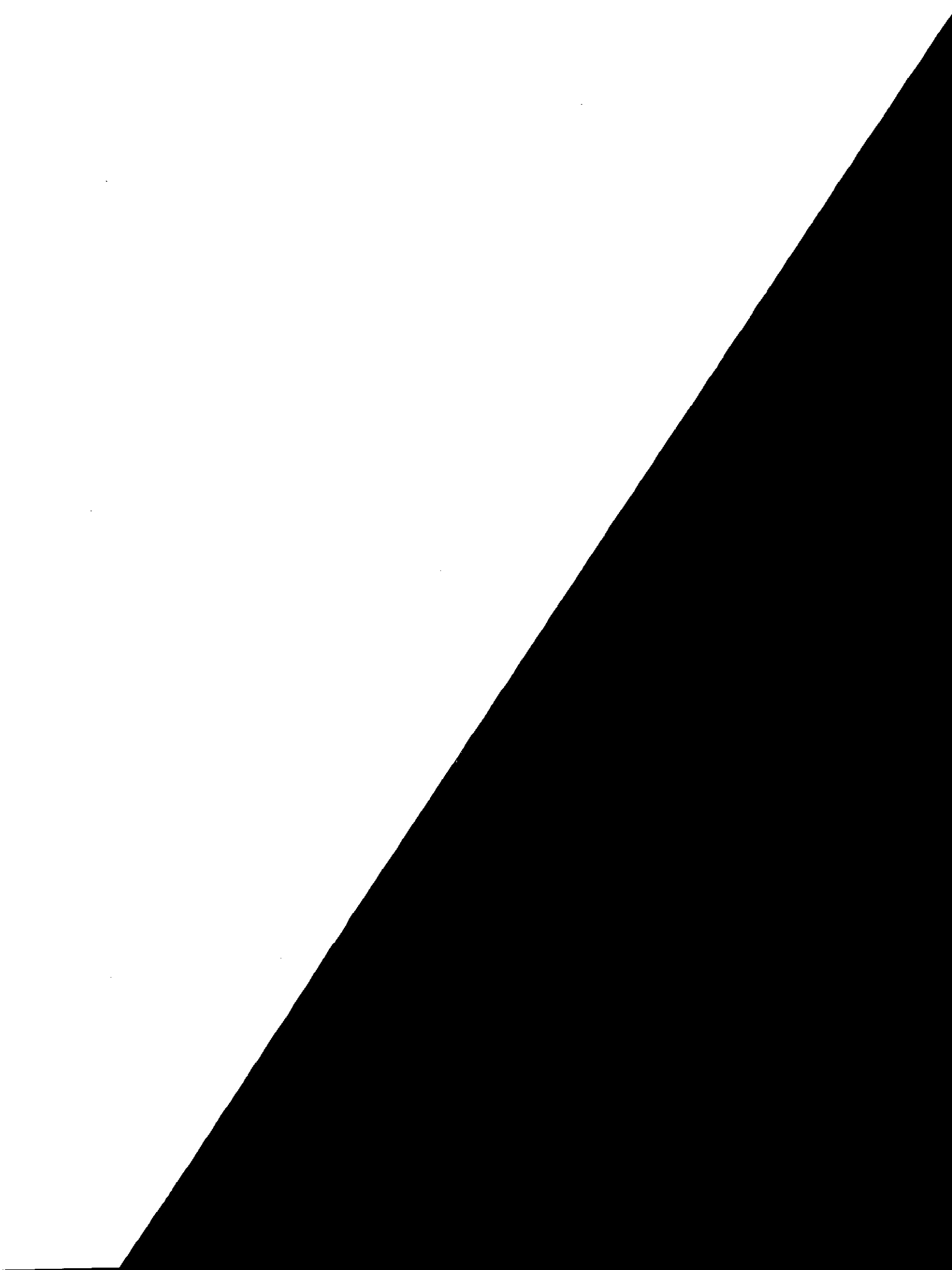
NON-CORE RATE LEAF

| <u>SERVICE CLASSIFICATION</u> | <u>BASE RATE</u> | <u>MIN RATE</u> | <u>MAX RATE</u> | <u>NON-BASE RATE</u> | <u>BASIS</u> |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------------|----------------------------------------------------------------------------------|
| <u>Flexibly Priced Gas Service ("FPS")</u> | | | | | |
| Commodity Charge 1/ No Notice Swing Charge | \$ 0.15000 | Varies | N/A | | per MCF per MCF Redelivered |
| <u>Medium Volume Interruptible Transportation Service ("MVIT")</u> | | | | | |
| Customer Charge | \$590.00 | | | | per month |
| Delivery Charge (2) | | | | | |
| Option 1 | \$ 1.30000 | | | | per MCF Redelivered |
| Option 2 | | \$0.01 | \$3.27 | | per MCF Redelivered |
| Option 3 | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.38293348 | per MCF of Imbalance Volumes |
| <u>Large Volume Interruptible Transportation Service ("LVIT")</u> | | | | | |
| Customer Charge | \$775.00 | | | | per month |
| Delivery Charge (2) | | | | | |
| Option 1 | | | | | |
| First 5,000 MCF | \$ 1.30000 | | | | per MCF Redelivered |
| Over 5,000 MCF | \$ 0.36000 | | | | per MCF Redelivered |
| Option 2 | | \$0.01 | \$1.00 | | per MCF Redelivered |
| Option 3 | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.38293348 | per MCF of Imbalance Volumes |
| <u>Quasi-Firm Transportation Service ("QFT")</u> | | | | | |
| Customer Charge | Negotiable | | | | per Month |
| Demand Charge | Negotiable | | | | per MCF of MDQ |
| Delivery Charge (2) | Negotiable | | | | per MCF Redelivered |
| Balancing Fee | | | | \$0.38293348 | per MCF of Imbalance Volumes |
| <u>Public Utilities Tax</u> | | | | | |
| | 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax. | | | | |
| <u>City of Wilmington</u> | | | | | |
| <u>Local Franchise Tax</u> | | | | 2.00% | Charged on all non-exempt services, in the City of Wilmington, including the GCR |

1/ Minimum Rate is the monthly system WACCOG plus losses and unaccounted-for, unless gas is acquired specifically for, plus \$0.01 per Mcf.

2/ Minimum and maximum rates do not include the applicable \$0.00000/Mcf charge on QFT, MVIT and LVIT.

**Section II - Testimony and
Schedules**



Robert M. Collacchi, Jr.

1 **DELMARVA POWER & LIGHT COMPANY**
2 **TESTIMONY OF ROBERT M. COLLACCHI**
3 **BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION**
4 **CONCERNING THE NOVEMBER 2012 THROUGH OCTOBER 2013**
5 **GAS COST RATE**
6 **PSC. DOCKET NO. 12- F**

7 1. Q: **State your name, position, and business address.**

8 A: Robert M. Collacchi, Director of Gas Delivery, for Delmarva Power & Light
9 Company (Delmarva), 630 Martin Luther King Boulevard, P. O. Box 231,
10 Wilmington, Delaware 19899-0231. I am testifying on behalf of Delmarva.

11 2. Q: **Please state your educational background, employment experience and present**
12 **job responsibilities.**

13 A: I received a Bachelor of Science degree in Business Management from
14 Wilmington College in 1988. After graduation from Wilmington College I began
15 working for Delmarva in 1988. I completed a Wharton executive course in May 2002
16 from the University of Pennsylvania. From 1996 to June 2010, I served in various
17 roles for Conectiv Energy including Director, Asset Management, Vice President,
18 Asset Management and Vice President, Wholesale Operations. In my current position
19 as Director of Gas Delivery, I am responsible for all aspects of reliability, safety,
20 planning, engineering, construction, and operations & maintenance for the regulated
21 gas utility serving approximately 123,000 customers in Delmarva's New Castle
22 County service territory. I have worked for Delmarva and its affiliates for 24 years

1 in various positions including Service Department Dispatcher, Gas Supply Analyst,
2 Manager, Gas Trading and Director, Gas Supply.

3 **3. Q: Have you previously testified before this Commission?**

4 A: Yes. I submitted pre-filed direct testimony in Delmarva's 1997-1998 and 2010-
5 2011 GCR proceeding, Docket No. 295-F and the Qualified Fuel Cell Provider
6 proceeding, Docket No. 11-362.

7 **4. Q: What is the purpose of your testimony in this proceeding?**

8 A: I am testifying on behalf of Delmarva, supporting the Gas Cost Rate (GCR)
9 proposed to be effective from November 1, 2012 through October 31, 2013.
10 Specifically, I will provide background regarding Delmarva's:

- 11 1. Final results of the 2-year amortization for the estimated under-recovered
12 balance of \$24,861,953 at the time of the 2010-2011 GCR filing, to
13 mitigate the impact on Customer's bills;
- 14 2. Customer Communications and Budget Billing; and
- 15 3. The status of Docket No.11-381F.

16 **5. Q: Who will submit direct testimony on behalf of Delmarva?**

17 A: Three other witnesses will testify in support of Delmarva's Application.
18 Mario A. Giovannini, Director Supply Customer Energy, will present testimony with
19 respect to forecasted natural gas commodity, pipeline demand, and variable costs as
20 well as a forecast of capacity release and off-system sales margin. He also provides
21 an update regarding Delmarva's Gas Hedging Program and certain provisions from
22 the Approved Settlement Agreement from PSC Docket No. 11-381F. Robert W.
23 Brielmaier, Manager of Gas Operations, will sponsor testimony regarding the

development of the Gas Sales Forecast, and other adjustments. James B. Jacoby, Regulatory Lead, in the Regulatory Affairs Department, will present testimony with respect to the calculation of the proposed Balancing Charge applicable to Firm and Interruptible Transportation Service Customers, the projected recovery positions for the GCR periods ending October 31, 2011, and October 31, 2012, respectively, and the development of estimated recoverable firm gas costs for the November 1, 2012 to October 31, 2013 period. Finally, Witness Jacoby provides the derivation of the GCR factors and related true-ups.

6. Q: What GCR is Delmarva proposing to be effective on November 1, 2012, and how does this compare with the current rates?

A: Delmarva requests that the GCR factors, as required by the Gas Service Tariff be approved effective with usage on November 1, 2012, with proration. Delmarva's proposed GCR factors for the 2012-2013 period are shown below comparing to the GCR factors presently in effect.

GAS COST RATE¹

| | <u>Current</u> | <u>Proposed</u> | <u>Changes</u> |
|-----------------------------------|--------------------------|--------------------------|----------------|
| RG, GG, and GL | 88.804¢/ccf | 68.967¢/ccf | (19.837¢/ccf) |
| LVG and MVG Demand | \$11.0936/Mcf of MDQ* | \$11.6589/Mcf of MDQ* | \$0.5653/Mcf |
| Non-Electing MVG Commodity | \$ 7.1740/Mcf | \$ 5.1051/Mcf | \$(2.0689/Mcf) |
| LVG and Electing MVG Commodity | Varies Monthly | Varies Monthly | |

"MDQ" is Maximum Daily Quantity, which is a measure of a customer's contribution to peak demand.

¹ See P.S.C. Del. No. 5 - Gas - Leaf 37, Revision : Forty-eight. Revised: October 31, 2011.

BALANCING CHARGE

| | <u>Current</u> | <u>Proposed</u> | <u>Changes</u> |
|-------------------|-----------------------|------------------------|-----------------------|
| Balancing Charges | \$0.03829/ccf | \$0.03348/ccf | (\$0.00481/ccf) |

7. Q: If approved, how would the proposed rates impact customers compared to the GCR currently in effect?

A: During the heating season, a typical residential customer who uses approximately 120 ccf of natural gas during a winter month would see a decrease in the GCR of 22.3%. This will result in a reduction in the overall bill of 14.4% or \$23.80 from \$165.61 to \$141.81. The impact on Commercial and Industrial customers will vary according to usage, ranging from a 12.7% decrease to a 25.0% decrease. These impacts are provided in more detail in Witness Jacoby's testimony.

8. Q: Please explain the results of the 2nd year amortization of the 2010 - 2011 under-recovered balance.

A: As agreed by the Parties, pursuant to the Settlement Agreement in Docket No. 10-295F, Delmarva amortized the estimated under-recovery of \$24,861,953 as of October 31, 2010, over a two-year period: \$12,430,977 was amortized in GCR year 2010 – 2011, the remaining \$12,430,977 was amortized during the GCR year 2011 – 2012. The two-year amortization period is complete with the close of the GCR year 2011 – 2012.

9. Q: Will there be any balance expected for the GCR year beginning November 1, 2012?

The under-recovery position now carries \$12,008,315 into the current Application year following the completion of the two-year amortization as referenced

1 above, which substantially decreased the under-recovery impact on rates that
2 customers would have paid during those periods. Witness Jacoby discusses the effect
3 of the under-recovery in his testimony.

4 Delmarva fully anticipates that the new rates proposed to be effective
5 November 1, 2012, will reduce the under-recovery position held by Delmarva, while
6 still providing all customers with a decrease in this year's GCR rate. LVG and MVG
7 Demand customers will experience an increase in their demand rate, from \$11.0936 to
8 \$11.6589, an increase of 5.1% over the 2011 – 2012 GCR period.

9 **10. Q: Please discuss Delmarva's Annual Customer Communications Plan.**

10 A: Delmarva has updated its Annual Customer Communications Plan (Plan)
11 pertaining to natural gas usage which will be shared with Commission Staff and The
12 Division of Public Advocate prior to the beginning of the heating season. The Plan
13 serves as an outline of activities Delmarva proposes to inform customers about the
14 GCR and educate them on ways to use energy more efficiently. Activities in the Plan
15 include various forms of communications and customer education such as website
16 messaging, customer newsletter messaging, community speakers bureau meetings,
17 on-line home energy audit tools (My Account), and employee education programs.
18 The Plan also includes a timetable for meeting with various interest-groups who serve
19 the needs of people who are most sensitive to the cost of energy. In addition to the
20 aforementioned, the Plan also discusses activities to promote Delmarva's Budget
21 Billing Program.

1 **11. Q: Please discuss the status of the Budget Billing Plan.**

2 A: As of July 31, 2012, Delmarva had 123,450 gas customers of which 14,127 or
3 approximately 11% were enrolled in the Budget Billing Program (Program). The Plan
4 includes a series of activities designed to raise customers' awareness of the Program.
5 Activities in the plan include: (a) bill inserts which will contain information about
6 budget billing and how to enroll; and (b) articles regarding the Program, *My Energy*
7 *Gram*, (electronic customer newsletter) e-mailed to registered "My Account"
8 customers. Each year, Delmarva prominently displays a budget billing promotion on
9 *Delmarva.com*. This promotion provides links to information about the Program,
10 enables customers to enroll on-line, and advises customers how to contact our
11 Customer Service team. Winter energy conservation information will be included in
12 the customer newsletter along with information about how to sign up for the Program.
13 In addition, call center representatives are trained to offer budget billing to customers.

14 Delmarva continues to support/sponsor such programs as the Good Neighbor
15 Energy Fund and the Low Income Summit Meeting. This year's Low Income Summit
16 Meeting will be held on October 9, 2012 in Dover, and we expect over one hundred
17 agency representatives to be in attendance. Delmarva also continues to offer flexible
18 payment arrangements to help customers better manage payment requirements.

19 **12. Q: Please describe the 2011/2012 Docket No. 11-381F Gas Cost Rate proceedings.**

20 A: On August 31, 2011, Delmarva made its annual Gas Cost Rate (GCR) filing.
21 That filing was docketed as PSC Docket No. 11-381F. On February 21, 2012,
22 Delmarva filed a request that the requirement to file for an interim increase be
23 waived. The Waiver was granted on March 6, 2012 by Commission Order No. 8116.

1 Subsequent to discovery and just prior to the April 30, 2012 evidentiary hearing, an
2 Agreement in Principle was reached by the parties and subsequently submitted to the
3 Hearing Examiner. The Hearing Examiner's report recommending approval of the
4 Settlement Agreement was submitted to the Commission on April 30, 2012. On
5 August 21, 2012, the Settlement Agreement was approved by the Commission per
6 Order No. 8203.

7 **13. Q: Please provide a copy of the Commission-Approved Settlement Agreement in**
8 **PSC Docket No. 11-381F and provide a summary of its primary provisions.**

9 A: A copy of the Settlement Agreement is attached. In summary, the
10 Agreement: (i) approved the rates as submitted, (ii) requires Delmarva to execute its
11 Gas Hedging Program and to hold quarterly hedge meetings; (iii) requires Delmarva
12 continue to regularly evaluate its portfolio of pipeline capacity and storage assets, its
13 design day reserve and asset revenue opportunities; and (iv) credits the GCR for
14 \$531,890 to reflect expenses not absorbed by Delmarva customers.

15 **14. Q: Please discuss how Delmarva plans to meet the requirements of 26 Del. C.**
16 **§1502 for reducing natural gas usage.**

17 A: Delmarva Power has been and continues to be an active participant in the
18 Energy Efficiency Resource Standards (EERS) Workgroup. The EERS Workgroup
19 has submitted its report to the Secretary of Department of Natural Resources and
20 Environmental Control for consideration of various energy efficiency issues identified
21 in the Statute. In addition, Delmarva regularly provides its gas customers with
22 information on how to conserve natural gas and reduce their gas consumption.
23

1 **15. Q: What is Delmarva requesting of the Commission in this filing?**

2 **A:** Delmarva respectfully requests that, subject to refund after final Commission
3 order, the Commission:

4 1. Approve the proposed Gas Cost Rate factors and balancing charge to
5 become effective with usage on and after November 1, 2012, with
6 proration; and

7 2. Approve the reconciliation and true-up of fuel revenue and margin
8 amounts based on actual versus estimated monthly commodity cost
9 assignments associated with the LVG and Electing MVG customers.

10 **16. Q: Does this conclude your pre-filed direct testimony?**

11 **A:** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS TO ITS) PSC DOCKET NO. 11-381F
GAS COST RATES (FILED AUGUST 31, 2011))

PROPOSED SETTLEMENT

Delmarva Power & Light Company ("Delmarva"), the Delaware Public Service Commission Staff ("Staff"), and the Delaware Public Advocate ("DPA"), individually each a "Party," and collectively, the "Parties," hereby propose a complete settlement of all issues in this proceeding as follows.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

1. On August 31, 2011, Delmarva filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") to modify its Gas Cost Rate ("GCR") factors, effective on and after November 1, 2011, with proration, and with such revised factors to continue in effect until October 31, 2012. The Application also requested approval of the Company's proposal to reconcile and true-up actual versus estimated weighted average commodity cost of gas assignments for sales under the Large Volume Gas service classification and for so-called "electing" customers taking service under the Medium Volume Gas service classification, and a revision of the balancing charge rate applicable to Gas Transportation customers.

2. In its Application, Delmarva proposed rate decreases as follows:

| | <u>Prior Demand Charge</u> | <u>Prior Commodity Charge</u> | <u>Proposed Demand Charge</u> | <u>Proposed Commodity Charge</u> |
|-------------------------|------------------------------------|---------------------------------------|---------------------------------------|------------------------------------------|
| RG,GG, and GL | N/A | \$0.94042/Ccf | NA | \$0.88804/Ccf |
| Non-electing MVG | \$12.0266/Mcf Billing MDQ | \$7.5811/Mcf | \$11.0936/MCF Billing MDQ | \$7.1740/Mcf |
| Electing MVG and LVG | \$12.0266/Mcf Billing MDQ | Varies | \$11.0936/MCF Billing MDQ | Varies |
| Standby Service | \$12.0266/Mcf Billing MDQ | N/A | \$11.0936/Mcf Billing MDQ | NA |

3. The rates proposed in the Application, if approved, would result in a GCR decrease of 5.6% for RG, RSH, and GL customers. Residential space heating customers using 120 Ccfs in a winter month would experience decreases of \$6.29 or 3.7% in their total bill. Customers served on Service Classifications GG would experience decreases of 2.1% to 4.3% on their winter bills. Non-electing MVG customers would experience decreases in their winter bills of 4.3% to 4.9%, depending on usage characteristics.

4. On September 20, 2011, the Commission issued Order No. 8040, allowing the GCR factors to become effective with usage on and after November 1, 2011, with proration, on a provisional basis subject to refund, pending evidentiary hearings and a final decision by the Commission.

5. During the course of this proceeding, the Parties conducted substantial written discovery in the form of both informal and formal data requests.

6. Additionally, throughout the year, as well as during the proceeding, the parties met on several occasions to discuss various issues, including hedging, natural gas markets, capacity, and other issues related to the acquisition of natural gas supply for Delmarva's natural gas customers. The Parties intend to continue these meetings on a regular basis.

7. On February 21, 2012, Delmarva filed a request with the Commission seeking a waiver of Section XX D of the Company's tariff, which requires Delmarva to apply for an interim GCR increase if, during a GCR year, an underrecovery in the GCR should exceed a 6% threshold. In that request, Delmarva explained that as a result of significantly above-normal temperatures experienced throughout this heating season, natural gas sales from November 2011 through January 2012 were almost 1.2 Bcf less than forecast in the Application. Delmarva's request stated that underrecoveries had exceeded the threshold contained in tariff Section XX D.

8. Delmarva's request explained that for reasons set forth in the request, a waiver of an interim GCR increase would be in the best interest of customers. Staff and DPA agreed, and by PSC Order No. 8116, the Commission granted the waiver.

9. DPA and Staff submitted testimony on February 27 and 28, 2012, respectively. Staff and DPA both testified that Delmarva's Application should be approved, as filed, by the Commission.

10. The Parties have conferred and have agreed to enter into this Proposed Settlement on the terms and conditions contained herein, because they believe that resolving the matter by stipulation will serve the interest of the public and Delmarva, while meeting the statutory requirement that rates be both just and reasonable. Subject to the recommendation of the

Hearing Examiner, the Parties agree that the terms and conditions of this Proposed Settlement will be presented to the Commission for the Commission's approval forthwith.

II. SETTLEMENT PROVISIONS

11. **GCR Rates:** The Parties agree that the proposed GCR rates filed by Delmarva should be approved.

12. **Natural Gas Hedging Program:** The Parties agree that Delmarva will continue to execute its Gas Hedging Program in accordance with the Settlement approved in Docket No. 08-266F, and further agree to continue to hold quarterly hedge meetings to review and discuss the hedging program, and upon consensus, make any potential modification to the hedging program mechanics.

13. **Asset Management:** The parties agree to continue to discuss, during quarterly hedge meetings, any natural gas asset management agreements that Delmarva may contemplate or that it has executed. Delmarva further agrees to notify the parties prior to entering into any natural gas asset management agreement that involves the assignment or transfer of more than 25% of its total natural gas supply portfolio to one single manager.

14. **Capacity:** Delmarva agrees to continue to regularly evaluate its portfolio of pipeline capacity and storage assets, its design day reserve, and asset revenue opportunities, taking into consideration overall system reliability, fixed costs, supply diversity and future customer needs.

15. **Interface Management Units:** Delmarva credited the GCR with \$530,090 during the period of October 2010 through July 2011 to reflect unrecorded usage due to non-recording

interface management units ("IMU") on a small percentage of meters. Delmarva also made a corresponding \$1,800 credit to the interest expense calculation. In other words, \$531,890 in expenses was not and will not be absorbed by Delmarva's customers. The Parties agree that the adjustment made by Delmarva for unrecorded usage represents an appropriate computation to derive the gas loss adjustment and thus prevents customers from experiencing any expense for IMU-related unrecorded usage during the period.

16. **Inclusions In The Next GCR Filing:** Delmarva will include in its testimony in its next GCR filing a discussion concerning its plans to comply with the requirements of 26 *Del. C.* §1502 for reducing natural gas usage.

III. ADDITIONAL PROVISIONS

17. The provisions of this settlement are not severable.

18. This Proposed Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. No Party to this settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this settlement other than as specified herein, except that the Parties agree that the resolution of the issues herein taken as a whole results in just and reasonable rates.

19. To the extent opinions or views were expressed or issues were raised in the pre-filed testimony that are not specifically addressed in this Proposed Settlement, no findings, recommendations, or positions with respect to such opinions, views or issues should be implied or inferred.

20. The Parties agree that this Proposed Settlement may be submitted to the Commission for a determination that it is in the public interest and that no Party will oppose such a determination. Except as expressly set forth herein, none of the Parties waives any rights it may have to take any position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or in previous cases.

21. This Proposed Settlement will become effective upon the Commission's issuance of a final order approving it and all of its terms and conditions without modification. After the issuance of such final order, the terms of this Proposed Settlement shall be implemented and enforceable notwithstanding the pendency of a legal challenge to the Commission's approval of this Proposed Settlement or to actions taken by another regulatory agency or Court, unless such implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a Court having jurisdiction over the matter.

22. The obligations under this Proposed Settlement, if any, that apply for a specific term set forth herein shall expire automatically in accordance with the term specified, and shall require no further action for their expiration.

23. The Parties may enforce this Proposed Settlement through any appropriate action before the Commission or through any other available remedy. Any final Commission order related to the enforcement or interpretation of this Proposed Settlement shall be appealable to the Superior Court of the State of Delaware, in addition to any other available remedy at law or in equity.

24. If a Court grants a legal challenge to the Commission's approval of this Proposed Settlement and issues a final non-appealable order that prevents or precludes implementation of any material term of this Proposed Settlement, or if some other legal bar has the same effect, then this Proposed Settlement is voidable upon written notice by any Party.

25. This Proposed Settlement resolves all of the issues specifically addressed herein and precludes the Parties from asserting contrary positions during subsequent litigation in this proceeding or related appeals; provided, however, that this Proposed Settlement is made without admission against or prejudice to any factual or legal positions which any of the Parties may assert (a) in the event that the Commission does not issue a final order approving this Proposed Settlement without modifications; or (b) in other proceedings before the Commission or other governmental body so long as such positions do not attempt to abrogate this Proposed Settlement. This Proposed Settlement is determinative and conclusive of all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Parties of all of the issues in this proceeding.

26. This Proposed Settlement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Settlement will terminate and be of no force and effect, unless the Parties agree in writing to waive the application of this provision. The Parties will make their best efforts to support this Proposed Settlement and to secure its approval by the Commission.

27. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding.

28. This Proposed Settlement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the entity executing it (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

DELAWARE PUBLIC SERVICE COMMISSION STAFF

By: William O. B.

Date: 4/12/12

DELMARVA POWER & LIGHT COMPANY

By: _____

Date: _____

THE PUBLIC ADVOCATE

By: M. G.

Date: 4/11/12

27. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding.

28. This Proposed Settlement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the entity executing it (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

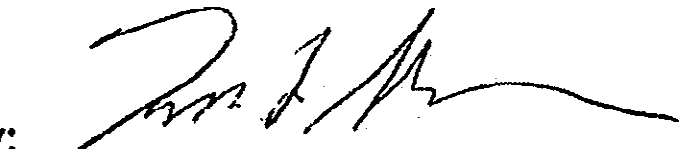
IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

DELAWARE PUBLIC SERVICE COMMISSION STAFF

By: _____

Date: _____

DELMARVA POWER & LIGHT COMPANY

By: 
Todd L. Gouldman - Assoc. Gen. Counsel

Date: 4/24/12

THE PUBLIC ADVOCATE

By: _____

Date: _____

Mario A. Giovannini

1
2
3
4
5
6
7
8
9
10
11
12
13

DELMARVA POWER & LIGHT COMPANY
TESTIMONY OF MARIO A. GIOVANNINI
BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION
CONCERNING THE NOVEMBER 2012 THROUGH OCTOBER 2013
GAS COST RATE
PSC DOCKET NO. 12-____F

14 1. **Q: Please state your name, occupation, and business address.**

15 A: My name is Mario A. Giovannini, Director of Supply Customer Energy, for
16 Pepco Holdings, Inc. (PHI), 401 Eagle Run Road Newark, Delaware 19702.

17 2. **Q: Please briefly summarize your educational and professional background.**

18 A: I hold a Bachelor of Science Degree in Finance from King's College and a
19 Masters of Business Administration from La Salle University.

20 I have been employed by PHI, the parent of Delmarva Power and Light
21 Company (Delmarva) and its affiliates since August of 1998 serving in finance,
22 planning, operations and risk functions. Prior to this, I was employed for eight years
23 by RCN Corporation mainly in finance and planning.

24 In my current role, I am responsible for developing and managing a reliable
25 cost-effective gas supply portfolio for Delmarva GCR customers.

26 3. **Q: Have you previously testified before a regulatory commission?**

27 A: Yes. I have provided testimony before the Delaware Public Service
28 Commission in the Annual Gas cost Rate Case for 2011 – 2012, docket No. 11-381F.
29

1 **4. Q: What is the purpose of your testimony in this proceeding?**

2 A: I am testifying on behalf of Delmarva supporting the Gas Cost Rate (GCR)
3 proposed to be effective from November 1, 2012 through October 31, 2013. My
4 testimony presents the development of the total estimated gas supply costs for the
5 period, consisting of all gas commodity costs; interstate pipeline transportation
6 demand costs, storage demand and capacity costs, storage withdrawal/injection costs,
7 variable transportation commodity, fuel and capacity release and off-system sales
8 revenue credits. My direct testimony will also discuss Delmarva's natural gas hedge
9 plan.

10 **5. Q: Please outline Delmarva's firm interstate pipeline and storage capacity and**
11 **supplemental supply portfolio available for this upcoming GCR period.**

12 A: Schedule MG-1, *Portfolio of Firm Transportation & Storage Services*
13 *Delivered to Citygate*, summarizes the firm transportation and firm storage services
14 presently under contract that have primary delivery points to Delmarva's interstate
15 pipeline interconnects. Based upon these upstream contracts and the planned-for
16 design day vaporization of 25,000 Mcf from Delmarva's LNG facility, Delmarva will
17 begin this period with 190,775 Mcf of peak or design day supply deliverability
18 available to meet firm sales customer requirements.

19 Transco FT contract 1005012 (Line 4 MG-1) with daily deliverability of 1,600
20 Mcf was provided a notice of intent to terminate on May 31, 2011. Due to contract
21 terms, this contract will not officially terminate until May 31, 2014. Column 5 of
22 Schedule MG-1 shows the revised design day supply deliverability of 185,085 Mcf
23 available to meet firm sales customer requirements after April 30, 2013. Columbia FT

1 Contract 80722 reduces to 9,768 Mcf (Line 14 MG-1) on April 30, 2013 based on the
2 contractual terms of the FT agreement.

3 **6. Q: What are the major differences between this year's projected transportation and**
4 **storage demand costs versus those contained in last year's annual GCR filing?**

5 A: Annual projected fixed costs related to Delmarva's transportation and storage
6 services are summarized in Schedule MG-2. This schedule compares the projected
7 2012-2013 costs (Column 3) with the estimates included in last year's GCR application
8 (Column 4). Overall, compared to last year's application, fixed costs are projected to
9 decrease by \$215,549, or 0.8%. The variance can be explained by (a) reduced costs
10 associated with Columbia FT contract 80722 (Line 18, MG-2), (b) reduced costs
11 associated with the Columbia Firm Storage Service (FSS) contract (Line 17, MG-2), and
12 (c) lower costs due to contract terminations (Lines 6, 8, 20 and 26, MG-2), partially offset
13 by (i) higher Columbia Gulf (Line 7, MG-2) and Eastern Shore (Lines 9 & 10, MG-2) costs
14 as the previous GCR's estimate included pipeline refunds for the periods of May
15 through October 2011, (ii) higher Transco Washington Storage Service (WSS) costs as
16 the 2012-2013 GCR reflects a full year of storage costs (Line 22, MG-2). The WSS
17 returned from release on April 1, 2012, so last year's GCR filing reflected only nine
18 months of WSS expenses.

19 **7. Q: Has Delmarva included any forecast of interstate pipeline bill credits or refunds**
20 **in this year's GCR Application?**

21 A: No.

1 8. Q: Please describe the development of the systems gas requirements forecast?

2 A: Firm sendout is based upon (a) a monthly forecast of firm billed sales provided
3 by Delmarva Witness Brielmaier, adjusted for (b) company use, (c) a 3% percentage
4 factor for losses and unaccounted-for-gas (LAUF), and (d) a cycle billing effect. In
5 this Application, non-firm sendout is assumed to be zero based upon Delmarva's
6 recent experience with very few sales under its flexibly priced citygate sales service
7 (FPS). Schedule MG-3 presents the firm sales, company use, LAUF and cycle billing
8 estimates on lines 2, 3 and 4.

9 9. Q: How are the projected demand, supply and price forecasts integrated?

10 A: For each month of the forecast period, sources and disposition of supply are
11 matched, taking into consideration customer demand, storage inventories, contractual
12 limitations and economics. The gas procurement process takes into account reliability
13 of supply, operational considerations and contract obligations yet is structured to
14 acquire gas supplies at the best possible cost. Schedule MG-3 summarizes Delmarva's
15 projected gas demand, supply and supply prices for the forecast period, November
16 2012 through October 2013.

17 10. Q: What source did Delmarva select for development of its price forecast for spot
18 purchases?

19 A: Delmarva used the NYMEX gas futures closing prices on August 13, 2012 as
20 its spot (wholesale) natural gas price (See Table 3 below). Delmarva believes that the
21 NYMEX natural gas futures closing prices on August 13, 2012 were reasonable for
22 use as the wholesale natural gas price forecast and that using a different methodology

1 was not likely to provide a more accurate GCR forecast. This methodology is
2 consistent with the Stipulation in Docket No. 05-312F.

Table 3. NYMEX Futures Closing Prices (In Mcf)

| | Month | NYMEX 8/13/2012 |
|----|----------------|--------------------|
| 1 | November 2012 | \$3.0926 |
| 2 | December 2012 | \$3.3907 |
| 3 | January 2013 | \$3.5335 |
| 4 | February 2013 | \$3.5480 |
| 5 | March 2013 | \$3.5335 |
| 6 | April 2013 | \$3.5159 |
| 7 | May 2013 | \$3.5542 |
| 8 | June 2013 | \$3.6028 |
| 9 | July 2013 | \$3.6453 |
| 10 | August 2013 | \$3.6649 |
| 11 | September 2013 | \$3.6701 |
| 12 | October 2013 | \$3.6960 |

3
4 **11. Q: What are the major components of Delmarva's projected natural gas commodity**
5 **costs for the November 2012 to October 2013 determination period contained in**
6 **Delmarva's annual GCR application?**

7 **A:** Delmarva's estimated natural gas commodity costs for the 2012-2013 GCR
8 determination period totals \$54,640,528 and is based on three components
9 summarized in Table 1 below: 1) natural gas expected to be withdrawn from storage,
10 2) gas that is currently hedged for the 2012-2013 determination period, and 3) "spot"
11 gas, or gas purchased that is not hedged at the time the cost forecast is prepared.
12 Please note that during this GCR period, Delmarva plans to hedge a portion of the gas
13 deemed as "spot" gas according to the non-discretionary hedging program outlined in
14 PSC Docket No. 08-266F.

Table 1. Summary of 2011-2012 Projected Commodity Costs

| | Source of Supply | Percent | Supply (Mcf) | \$ / Mcf | Commodity Cost |
|---|-----------------------|---------|--------------|----------|----------------|
| 1 | Storage Withdrawals | 28.6% | 3,785,084 | \$3.37 | \$12,772,709 |
| 2 | Hedged Purchases | 18.1% | 2,388,889 | \$6.48 | \$15,482,765 |
| 3 | Spot Purchases | 53.3% | 7,055,970 | \$3.44 | \$24,275,177 |
| 4 | Total Purchases | 100.0% | 13,229,943 | \$3.97 | \$52,530,651 |
| 5 | Fuel & Variable Costs | | | \$0.16 | \$2,109,877 |
| 6 | Total Commodity Costs | | | | \$54,640,528 |

12. Q: How does the summary of projected 2012-2013 commodity costs shown in Table 1 above compare to the 2011-2012 forecast?

A: Overall, compared to last year, 2012-2013 wholesale gas commodity costs are projected to be \$18,811,743 lower (See Table 2 below).

Table 2. Year-to-Year Change in Forecasted Commodity Costs

| | Source of Supply | Percent | Supply (Mcf) | \$ / Mcf | Commodity Cost |
|---|-----------------------|---------|--------------|----------|----------------|
| 1 | Storage Withdrawals | 3.6% | 547,440 | (\$1.60) | (\$3,338,799) |
| 2 | Hedged Purchases | -14.6% | (1,847,826) | (\$0.70) | (\$14,937,094) |
| 3 | Spot Purchases | 11.0% | 1,564,941 | (\$0.98) | (\$22,841) |
| 4 | Total Purchases | | 264,555 | (\$1.49) | (\$18,298,734) |
| 5 | Fuel & Variable Costs | | | (\$0.04) | (\$513,009) |
| 6 | Total Commodity Costs | | | | (\$18,811,743) |

Storage withdrawal costs are expected to be \$3,338,799 lower than the storage withdrawal costs assumed in last year's GCR filing. Lower natural gas market prices at during injection months (April through October) are the main reason for the variance.

Hedged purchase costs in this year's forecast are \$14,937,094 less mainly due to the expiration of legacy hedges (hedges entered into prior to the new hedging program). Schedule MG-4 shows the percentage hedged for the upcoming GCR period, the hedge costs and the market value of the hedges based on August 13, 2012

1 NYMEX pricing. This schedule along with other confidential schedules is reviewed
2 with the PSC and DPA on a quarterly basis. Please note the volumes on Schedule
3 MG-4 are stated per MMBtu. Line 15 has been added to this schedule so the hedge
4 volumes and cost per unit can reconcile to the Hedge Purchases in Mcf disclosed on
5 Table 1 Line 2 above.

6 Spot purchases of natural gas are expected to occur at an average price \$3.44
7 per Mcf which is lower than the \$4.43 per Mcf expected in last year's GCR filing.
8 This is mainly due to lower natural gas market prices year over year.

9 **13. Q: Please explain how the estimated cost for storage withdrawals is determined?**

10 Projected storage withdrawal costs are estimated by taking the actual inventory
11 cost of August 13, 2012 and projecting the volume and total cost of gas expected to be
12 injected between August 14, 2012 and October 31, 2012. The total cost of injected gas
13 into Delmarva's storage facilities includes all transportation commodity and storage
14 charges in addition to the underlying market cost of the natural gas at the time of
15 injection.

16 **14. Q: Please outline the guidelines of Delmarva's natural gas hedging program.**

17
18 A. The settlement in the 2008-2009 GCR proceeding, PSC Docket No. 08-266F,
19 as approved by the Commission requires Delmarva to hedge, on a non-discretionary
20 basis, fifty percent (50%) of the projected monthly gas requirements. The time
21 horizon of the hedging program is 12-months. Therefore, hedges are to be entered into
22 on a pro-rata basis (1/12th each month) over the 12-months preceding the month in
23 which the physical gas is delivered to customers. As noted during the quarterly hedge
24 calls, Delmarva defines projected monthly gas requirements as projected city gate

1 requirements plus storage injections minus storage withdrawals. Delmarva created a
2 method to track the quantity of hedges by month it needs to execute in order to
3 maintain compliance with the new guidelines to hedge 1/12 each month on a pro-rata
4 basis beginning 12-months in advance. This tracking mechanism is shared and
5 discussed with PSC Staff and the DPA on a quarterly basis.

6 **15. Q: Have there been any changes to Delmarva's natural gas hedging program since**
7 **the guidelines stipulated in PSC Docket No. 08-266F?**

8 A. No. Any proposed changes to Delmarva's natural gas hedging program will be
9 discussed with PSC Staff and the DPA.

10 **16. Q: What are the objectives of Delmarva's Gas Hedging Program and Natural Gas**
11 **Planning and Procurement Strategy?**

12 A: The objective of the Gas Hedging Program is to reduce gas commodity price
13 volatility while limiting the firm sales customers' exposure to increases in the market
14 price of natural gas.

15 The overall objective of Delmarva's Gas Supply Planning & Procurement
16 Strategy is to provide reliable natural gas supply and service to core residential,
17 commercial and industrial customers at the best possible cost. To ensure reliability,
18 Delmarva secures by long-term contract the needed pipeline and storage services to
19 serve its core customers' firm requirements.

20 **17. Q: What has Delmarva done to lower fixed pipeline and storage costs? Please**
21 **provide an overview of what Delmarva has done in this regard.**

22 A. Delmarva employs a number of methods that help it offset the fixed cost of
23 pipeline transportation and storage capacity. By far the most prevalent are off-system

1 sales and capacity release transactions. Delmarva enters into these transactions to
2 obtain at least market value for the interstate pipeline transportation capacity it has
3 under long-term contract that is not needed to provide service to its firm sales
4 customers. Typically, the term of the off-system sales transactions are either monthly
5 or daily. Capacity release arrangements are most commonly done for a seasonal term
6 (e.g., Nov. – Mar. or April – Oct.) or for a term of one year.

7 For the forecasted GCR period as shown on line 208 of MG-3, Delmarva
8 estimates it will achieve \$3.362 million in gross margins from off-system sales and
9 capacity release transactions. Delmarva expects to continue to capitalize on spread
10 differentials between supply sources and the Market Area to earn off-system sales
11 margins, and expects to achieve value from releasing pipeline capacity on a monthly
12 and seasonal basis.

13 Delmarva continually evaluates its transportation and storage portfolios in an
14 effort to reduce costs while maintaining reliability.

15 Delmarva is active in pipeline rate cases in an effort to mitigate the financial
16 impact of such rate cases.

17 **18. Q: How does Delmarva's firm supply deliverability compare with forecasted design-**
18 **day customers demand?**

19 **A:** Delmarva's firm supply deliverability for the 2012-2013 GCR period is
20 190,775 Mcf (Line 31, Column 2, MG-1) which is 11.93% higher than the projected
21 design-day requirement of 170,448 Mcf. shown on Graph 1. Graph 1 Firm
22 Deliverability Versus Design Day shows how Delmarva expects its design-day reserve
23 to change over the next 3 years based on most recent strategic planning.

1 Delmarva canceled Transco FT contract 1005012 (Line 4 MG-1) with daily
2 deliverability of 1,600 Mcf which directly affects Delmarva's firm deliverability to the
3 city gate and are shown as reductions in the on Graph 1 in the period they officially
4 expire. This Transco contract has a provision that requires Delmarva keep the service
5 for a period of time after notice of cancellation. In addition, Delmarva's seasonal
6 Columbia FT contract 80722 with firm winter deliverability of 15,458 Mcf
7 contractually reduces to 9,768 Mcf on March 31, 2013.

8 Delmarva has two Columbia contracts (Lines 13 & 14, MG-5) set to expire March
9 31, 2013 and March 31, 2014, respectively. Delmarva is in the process of evaluating
10 renewal or release of these contracts at this time.

11 **19. Q: Does Delmarva regularly evaluate its pipeline and storage assets for possible**
12 **reductions, additions or changes in composition?**

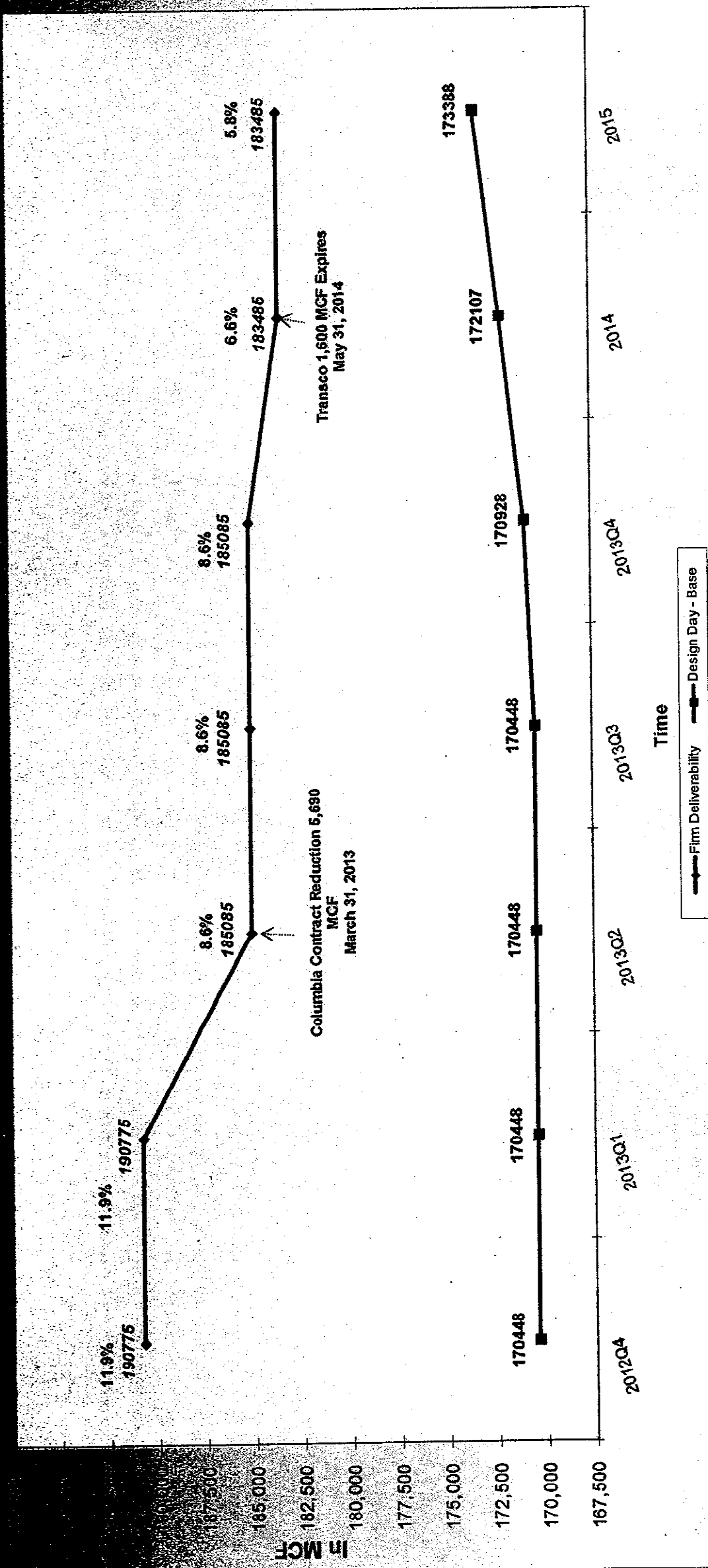
13 **A:** Delmarva continually reviews its array of pipeline and storage services for
14 possible capacity reductions or changes in its composition of its portfolio. Schedule
15 MG-5 shows a complete listing of Delmarva's pipeline and storage assets along with
16 expiration dates, evergreen provisions "stay period" and the first date Delmarva can
17 make a decision to renew or terminate assets in timeline format. This schedule has
18 been used to in addition to other data to make

19 **20. Q: Has Delmarva entered into any new Asset Management Agreements for any part**
20 **of its portfolio?**

21 **A:** No.

22 **21. Q: Does this conclude your direct testimony at this time?**

23 **A:** Yes, it does.



DELMARVA POWER & LIGHT COMPANY
PORTFOLIO OF FIRM TRANSPORTATION AND STORAGE SERVICES
WINTER 2012-13 GCR PERIOD

MG-1

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------------------|-----------------|-------------|--------------|---------------------|----------------------|
| | Contract Number | Daily (Mcf) | Annual (Mcf) | Contract Expiration | Adjusted Daily (Mcf) |
| 1 Firm Transportation | | | | | |
| 2 Transco Sentinel FT | 9076492 | 24,155 | 8,816,575 | 4/30/2031 | 24,155 |
| 3 Transco FT | 1003684 | 54,800 | 20,002,000 | Month (2) | 54,800 |
| 4 Transco PS3 (1) | 1005012 | 1,600 | 584,000 | 5/31/2014 | 1,600 |
| 5 Transco FT | 1011993 | 4,831 | 1,763,315 | Month (2) | 4,831 |
| 6 Columbia FTS | 49832 | 3,342 | 1,219,830 | 10/31/2013 | 3,342 |
| 7 Columbia FTS | 49833 | 3,343 | 1,220,193 | 10/31/2014 | 3,343 |
| 8 Columbia FTS | 80724 | 19,324 | 7,053,260 | 10/31/2019 | 19,324 |
| 9 TETCO ITP | 800475 | 9,662 | 3,526,630 | 10/31/2016 | 9,662 |
| 10 | | 121,057 | 44,185,803 | | 121,057 |
| 11 | | | | | |
| 12 Firm Storage | | | | | |
| 13 Transco GSS | 1000854 | 28,420 | 2,056,961 | 3/31/2023 | 28,420 |
| 14 Columbia FSS | 80722 | 15,458 | 970,216 | 3/31/2020 | 9,768 |
| 15 Transco LNG | 9010117 | 840 | 6,970 | 3/31/2021 | 840 |
| 16 | | 44,718 | 3,034,148 | | 39,028 |
| 17 | | | | | |
| 18 Subtotal Firm Capacity Available | | 165,775 | 47,219,951 | | 160,085 |
| 19 | | | | | |
| 20 Supplemental Supply | | | | | |
| 21 Delmarva LNG | | 25,000 | 250,000 | | 25,000 |
| 22 | | | | | |
| 23 Total Firm Peak Day Planned Capacity | | 190,775 | 47,469,951 | | 185,085 |

(1) Termination notice sent on May 31, 2011 and officially expires May 31, 2014

(2) Contract has no date of termination and can be terminated at any time

DELMARVA POWER & LIGHT COMPANY
FIRM TRANSPORTATION & STORAGE CONTRACT PORTFOLIO
SUMMARY OF PROJECTED FIXED GAS COSTS
2012-13 GCR PERIOD

MG-2

| (1) | (2) | (3) | (4) | (5) |
|--------------------------------------------|-----------------|---------------------------------|---------------------------------|-----------------------|
| PIPELINE CAPACITY & SUPPLY | CITYGATE MDQ | 2012-2013 PROJECTED COSTS | 2011-2012 PROJECTED COSTS | VARIANCE (3) - (4) |
| 1 TRANSCO FT | 54,800 | \$9,367,336 | \$9,406,148 | (\$38,812) |
| 2 COLUMBIA FTS | 26,009 | \$1,963,044 | \$1,938,816 | \$24,228 |
| 3 TRANSCO SENTINEL FT | 24,155 | \$5,027,605 | \$5,042,569 | (\$14,964) |
| 4 TETCO, TRUNK & PEPL | 9,662 | \$1,872,093 | \$1,867,498 | \$4,595 |
| 5 TRANSCO LEIDY-LINE FT | 4,831 | \$217,905 | \$218,741 | (\$836) |
| 6 TRANSCO FT | | \$0 | \$7,809 | (\$7,809) |
| 7 GULF FTS-1 & FTS-2 | | \$1,161,586 | \$1,006,930 | \$154,656 |
| 8 NATIONAL FUELS FT | | \$0 | \$85,455 | (\$85,455) |
| 9 EASTERN SHORE FT365 | | \$3,906,660 | \$3,838,235 | \$68,425 |
| 10 EASTERN SHORE T - 1 | | \$66,432 | \$60,436 | \$5,996 |
| 11 EASTERN SHORE E-3 SURCHARGE | | \$288,053 | \$288,053 | \$0 |
| 12 TRANSCO SENTINEL METER UPGRADE | | \$892,246 | \$894,691 | (\$2,445) |
| 13 SUBTOTAL | 119,457 | \$24,762,960 | \$24,655,382 | \$107,578 |
| 14 | | | | |
| 15 <u>STORAGE & SEASONAL SERVICES:</u> | | | | |
| 16 TRANSCO GSS | 28,420 | \$1,489,870 | \$1,496,646 | (\$6,776) |
| 17 COLUMBIA FSS | 15,458 | \$540,376 | \$637,188 | (\$96,812) |
| 18 COLUMBIA SST | | \$711,410 | \$839,772 | (\$128,362) |
| 19 TRANSCO PS - 3 | 1,600 | \$160,034 | \$160,919 | (\$885) |
| 20 NATIONAL FUELS SS-2 | | \$0 | \$136,745 | (\$136,745) |
| 21 TRANSCO ESS | | \$498,968 | \$500,408 | (\$1,440) |
| 22 TRANSCO WSS | | \$215,211 | \$126,190 | \$89,021 |
| 23 SUBTOTAL | 45,478 | \$3,615,869 | \$3,897,868 | (\$281,999) |
| 24 | | | | |
| 25 <u>SUPPLEMENTAL PEAKING SERVICES:</u> | | | | |
| 26 TRANSCO LGA | 0 | \$0 | \$41,027 | (\$41,027) |
| 27 TRANSCO LNG | 840 | \$36,722 | \$36,823 | (\$101) |
| 28 DELMARVA LNG | 25,000 | \$0 | \$0 | \$0 |
| 29 SUBTOTAL | 25,840 | \$36,722 | \$77,850 | (\$41,128) |
| 30 | | | | |
| 31 TOTAL | 190,775 | \$28,415,551 | \$28,631,100 | (\$215,549) |
| 32 | | | | -0.8% |

MG-3

12 Months Estimated

Nov 12-Oct 13

| DESCRIPTION | | NOV 2012 | DEC 2012 | JAN 2013 | FEB 2013 | MAR 2013 | APR 2013 | MAY 2013 | JUN 2013 | JUL 2013 | AUG 2013 | SEP 2013 | OCT 2013 | Nov 12-Oct 13 GCR TOTAL |
|-------------|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| 59 | TRANSPORTATION COMMODITY CHARGES \$ | | | | | | | | | | | | | |
| 60 | Transco Base | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 61 | Transco FT spot | \$1,528,240 | \$1,941,229 | \$3,160,884 | \$3,010,430 | \$3,344,705 | \$3,918,764 | \$2,270,103 | \$1,402,428 | \$1,392,197 | \$1,393,109 | \$1,620,886 | \$700,121 | \$25,681,097 |
| 62 | SUBTOTAL TRANSCO FT: COMMODITY | \$1,528,240 | \$1,941,229 | \$3,160,884 | \$3,010,430 | \$3,344,705 | \$3,918,764 | \$2,270,103 | \$1,402,428 | \$1,392,197 | \$1,393,109 | \$1,620,886 | \$700,121 | \$25,681,097 |
| 63 | Columbia Base | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 64 | Columbia Swing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 65 | Columbia Spot | \$1,220,706 | \$1,384,648 | \$1,447,833 | \$1,179,267 | \$1,449,900 | \$1,396,090 | \$1,458,458 | \$1,430,874 | \$1,129,504 | \$1,135,654 | \$1,455,790 | \$1,515,014 | \$16,203,737 |
| 66 | SUBTOTAL COLUMBIA FTS: COMMODITY | \$1,220,706 | \$1,384,648 | \$1,447,833 | \$1,179,267 | \$1,449,900 | \$1,396,090 | \$1,458,458 | \$1,430,874 | \$1,129,504 | \$1,135,654 | \$1,455,790 | \$1,515,014 | \$16,203,737 |
| 67 | TEXAS EASTERN ITP SUPPLY | \$982,209 | \$1,107,561 | \$1,151,938 | \$1,044,526 | \$1,151,938 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,438,171 |
| 68 | FT-365: ESNG COMMODITY CHARGE | \$1,374 | \$6,490 | \$4,451 | \$2,379 | \$1,225 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,919 |
| 69 | T-1: ESNG COMMODITY CHARGE | \$205 | \$212 | \$212 | \$191 | \$212 | \$118 | \$33 | \$0 | \$0 | \$0 | \$37 | \$56 | \$1,281 |
| 70 | NATIONAL FT COMMODITY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 71 | TRANSOCO LEIDY LINE FT TRANSPORT | \$6,539 | \$11,280 | \$11,280 | \$7,896 | \$4,512 | \$1,662 | \$1,773 | \$1,773 | \$1,662 | \$1,662 | \$1,662 | \$574 | \$52,275 |
| 72 | WSS: TRANSPORT CHARGE: | \$869 | \$1,521 | \$2,172 | \$2,172 | \$2,172 | \$220 | \$275 | \$275 | \$275 | \$275 | \$275 | \$275 | \$8,604 |
| 73 | ESS: TRANSPORT CHARGE: | \$0 | \$2,925 | \$8,190 | \$7,020 | \$1,872 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20,007 |
| 74 | COLUMBIA SST TRANSPORT | \$1,881,155 | \$1,809,075 | \$1,246,085 | \$1,112,160 | \$1,239,500 | (\$7,376) | \$5,025 | \$3,443 | \$6,548 | \$395 | \$0 | \$0 | \$7,296,008 |
| 75 | HEDGE SETTLEMENT | \$5,619,297 | \$6,264,941 | \$7,033,044 | \$6,366,041 | \$7,193,864 | \$5,309,476 | \$3,735,673 | \$2,838,793 | \$2,530,185 | \$2,531,095 | \$3,078,650 | \$2,216,040 | \$54,717,099 |
| 76 | TOTAL COMMODITY FIRM TRANSPORT \$ | | | | | | | | | | | | | |
| 77 | TRANSCO IT: DELIVERED COMMODITY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 78 | COLUMBIA ITS: DELIVERED COMMODITY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 79 | TEXAS EASTERN IT-1 COMMODITY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 80 | OTHER NON-FIRM PURCHASES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 81 | TOTAL COMMODITY NONFIRM TRANSPORT \$ | | | | | | | | | | | | | |
| 82 | TOTAL TRANSPORTATION COMMODITY \$ | \$5,619,297 | \$6,264,941 | \$7,033,044 | \$6,366,041 | \$7,193,864 | \$5,309,476 | \$3,735,673 | \$2,838,793 | \$2,530,185 | \$2,531,095 | \$3,078,650 | \$2,216,040 | \$54,717,099 |
| 83 | COMMODITY WACCOCG, \$/MCF | \$4.89 | \$5.02 | \$4.53 | \$4.53 | \$4.49 | \$3.66 | \$3.70 | \$3.73 | \$3.79 | \$3.80 | \$3.79 | \$3.80 | \$4.24 |

| | | NOV/2012 | DEC/2012 | JAN/2013 | FEB/2013 | MAR/2013 | APR/2013 | MAY/2013 | JUN/2013 | JUL/2013 | AUG/2013 | SEP/2013 | OCT/2013 | Nov 12-Oct 13 GCR TOTAL |
|-------------|------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| DESCRIPTION | | | | | | | | | | | | | | |
| 88 | STORAGE COMMODITY CHARGES, \$ | | | | | | | | | | | | | |
| 89 | GSS: CREDIT COMMODITY INJECTED | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$6,960,067) |
| 90 | WSS: CREDIT COMMODITY INJ (+ FUEL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$3,612,068) |
| 91 | ESS: CREDIT COMMODITY INJ (+ FUEL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$628,422) |
| 92 | PYS: CREDIT COMMODITY INJ (+ FUEL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$34,853) |
| 93 | LNG: CREDIT COMMODITY INJECTED | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$1,410,830) |
| 94 | LGA: CREDIT COMMODITY INJECTED | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 95 | FSS: CREDIT INJ (+FUEL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96 | ESTIMATED STORAGE HEDGE SETTLEMENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 97 | PRIOR PERIOD ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 98 | TOTAL CREDIT STORAGE GAS INJ-808.2 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$12,646,240) |
| 99 | LNG: CREDIT INJECTED-808.201 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$448,614) |
| 100 | LNG: PRIOR PERIOD ADJUSTMENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 101 | TOTAL CREDIT LNG GAS INJ-808.201 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$448,614) |
| 102 | GSS: DEBIT COMMODITY WITHDRAWN | \$0 | \$1,801,177 | \$2,161,412 | \$2,161,412 | \$450,294 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,574,295 |
| 103 | WSS: DEBIT COMMODITY (W/D +FUEL) | \$401,039 | \$691,792 | \$891,792 | \$484,254 | \$276,717 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,545,594 |
| 104 | ESS: DEBIT COMMODITY (W/D +FUEL) | \$55,744 | \$97,133 | \$133,152 | \$133,162 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$419,201 |
| 105 | PYS: DEBIT COMMODITY (W/D +FUEL) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$30,906 |
| 106 | LNG: DEBIT COMMODITY WITHDRAWN | \$0 | \$0 | \$30,906 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 107 | LGA: DEBIT COMMODITY WITHDRAWN | \$0 | \$0 | \$1,034,047 | \$886,324 | \$236,352 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,526,026 |
| 108 | FSS: DEBIT COMMODITY WITHDRAWN | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 109 | STORAGE HEDGE AMORTIZATION | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 110 | PRIOR PERIOD ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 111 | TOTAL DEBIT STORAGE GAS W/D-808.1 | \$456,783 | \$2,959,405 | \$4,051,319 | \$3,665,152 | \$963,363 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,096,022 |
| 112 | LNG: DEBIT WITHDRAWAL 808.101 | \$27,627 | \$82,881 | \$252,589 | \$90,580 | \$30,899 | \$28,384 | \$28,384 | \$28,666 | \$26,666 | \$26,666 | \$26,666 | \$26,164 | \$676,887 |
| 113 | LNG: PRIOR PERIOD ADJUSTMENT | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 114 | TOTAL DEBIT LNG GAS W/D-808.101 | \$27,627 | \$82,881 | \$252,589 | \$90,580 | \$30,899 | \$28,384 | \$28,384 | \$28,666 | \$26,666 | \$26,666 | \$26,666 | \$26,164 | \$676,887 |
| 115 | GSS: INJ & W/D CHARGES | \$0 | \$21,060 | \$25,272 | \$25,272 | \$5,265 | \$10,091 | \$18,114 | \$18,114 | \$14,232 | \$13,973 | \$18,114 | \$2,070 | \$171,577 |
| 116 | WSS: INJ & W/D CHARGES | \$1,943 | \$3,351 | \$3,351 | \$2,346 | \$1,340 | \$1,973 | \$2,104 | \$2,104 | \$1,973 | \$1,973 | \$1,973 | \$681 | \$25,112 |
| 117 | ESS: INJ & W/D CHARGES | \$501 | \$877 | \$1,253 | \$1,253 | \$0 | \$505 | \$631 | \$631 | \$631 | \$631 | \$631 | \$631 | \$8,175 |
| 118 | PYS: INJ & W/D CHARGES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 119 | LNG: INJ & W/D CHARGES | \$0 | \$0 | \$8,539 | \$0 | \$0 | \$2,119 | \$2,119 | \$2,119 | \$2,119 | \$2,119 | \$2,119 | \$326 | \$21,579 |
| 120 | LGA: INJ & W/D CHARGES | \$0 | \$1,913 | \$5,355 | \$4,590 | \$1,224 | \$765 | \$1,530 | \$1,148 | \$765 | \$765 | \$918 | \$158 | \$19,131 |
| 121 | FSS: INJ & W/D CHARGES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 122 | SUBTOTAL INJ & W/D CHARGES | \$2,444 | \$27,201 | \$43,770 | \$33,461 | \$7,829 | \$15,453 | \$24,498 | \$24,116 | \$19,720 | \$19,461 | \$23,755 | \$3,866 | \$245,574 |
| 123 | TOTAL NET STORAGE \$ | \$486,854 | \$3,069,487 | \$4,347,678 | \$3,789,183 | \$1,002,091 | \$1,614,403 | \$2,441,627 | \$2,234,629 | \$1,850,341 | \$1,841,445 | \$2,238,348 | (\$551,081) | (\$76,571) |

| DESCRIPTION | NOV 2012 | DEC 2012 | JAN 2013 | FEB 2013 | MAR 2013 | APR 2013 | MAY 2013 | JUN 2013 | JUL 2013 | AUG 2013 | SEP 2013 | OCT 2013 | GCR TOTAL |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| DEMAND CHARGES | | | | | | | | | | | | | |
| TRANSCO CITYGATE SURCHARGE | | | | | | | | | | | | | |
| TRANSCO SENTINEL FT | \$73,335 | \$75,780 | \$75,780 | \$88,446 | \$75,780 | \$73,335 | \$75,780 | \$73,335 | \$75,780 | \$73,335 | \$75,780 | \$75,780 | \$892,246 |
| TRANSCO FT DEMAND STA 30 | \$413,228 | \$427,002 | \$427,002 | \$385,679 | \$427,002 | \$413,228 | \$427,002 | \$413,228 | \$427,002 | \$413,228 | \$427,002 | \$427,002 | \$5,027,605 |
| TRANSCO FT DEMAND STA 30 | \$140,144 | \$144,816 | \$144,816 | \$130,801 | \$144,816 | \$140,144 | \$144,816 | \$140,144 | \$144,816 | \$140,144 | \$144,816 | \$144,816 | \$1,705,089 |
| TRANSCO FT DEMAND STA 45 | \$197,583 | \$204,169 | \$204,169 | \$184,411 | \$204,169 | \$197,583 | \$204,169 | \$197,583 | \$204,169 | \$197,583 | \$204,169 | \$204,169 | \$2,403,926 |
| TRANSCO FT DEMAND STA 50 | \$141,580 | \$146,299 | \$146,299 | \$132,141 | \$146,299 | \$141,580 | \$146,299 | \$141,580 | \$146,299 | \$141,580 | \$146,299 | \$146,299 | \$1,722,554 |
| TRANSCO FT DEMAND STA 62 | \$290,611 | \$300,298 | \$300,298 | \$271,237 | \$300,298 | \$290,611 | \$300,298 | \$290,611 | \$300,298 | \$290,611 | \$300,298 | \$300,298 | \$3,535,767 |
| TRANSCO FT DEMAND WSS | \$1,870 | \$1,932 | \$1,932 | \$1,745 | \$1,932 | \$1,870 | \$1,932 | \$1,870 | \$1,932 | \$1,932 | \$1,870 | \$1,932 | \$22,749 |
| TRANSCO FT DEMAND STA 30 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TRANSCO FT DEMAND STA 45 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TRANSCO FT DEMAND STA 50 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TRANSCO FT DEMAND STA 62 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TRANSCO PS-3 DEMAND STA 30 | \$2,006 | \$2,073 | \$2,073 | \$1,872 | \$2,073 | \$2,006 | \$2,073 | \$2,006 | \$2,073 | \$2,006 | \$2,073 | \$2,073 | \$24,407 |
| TRANSCO PS-3 DEMAND STA 45 | \$2,870 | \$2,966 | \$2,966 | \$2,679 | \$2,966 | \$2,870 | \$2,966 | \$2,870 | \$2,966 | \$2,870 | \$2,966 | \$2,966 | \$34,921 |
| TRANSCO PS-3 DEMAND STA 50 | \$6,188 | \$6,394 | \$6,394 | \$5,775 | \$6,394 | \$6,188 | \$6,394 | \$6,188 | \$6,394 | \$6,188 | \$6,394 | \$6,394 | \$75,285 |
| TRANSCO PS-3 DEMAND STA 82 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TRANSCO PS-3 DEMAND STA 82 | \$17,910 | \$18,507 | \$18,507 | \$16,716 | \$18,507 | \$17,910 | \$18,507 | \$17,910 | \$18,507 | \$17,910 | \$18,507 | \$18,507 | \$217,905 |
| TRANSCO DEMAND CHARGE | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$163,587 | \$1,963,044 |
| COLUMBIA FTS: DEMAND CHARGE | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$94,506 | \$1,110,410 |
| COLUMBIA SFT: DEMAND CHARGE | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$87,843 | \$1,029,658 |
| COL GULF FTS-1: DEMAND CHARGE | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$10,994 | \$131,928 |
| COL GULF FTS-2: DEMAND CHARGE | \$156,911 | \$156,911 | \$156,911 | \$152,285 | \$156,911 | \$155,362 | \$156,911 | \$155,362 | \$156,911 | \$155,362 | \$156,911 | \$156,911 | \$1,872,093 |
| TEXAS EASTERN ITP DEMAND | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$325,555 | \$3,906,660 |
| FT-365: ESNG DEMAND CHARGE | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$5,536 | \$66,432 |
| T-1: ESNG DEMAND CHARGE | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$24,004 | \$288,053 |
| ESNG SURCHARGES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NATIONAL FT DEMAND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REFUNDS | \$2,154,713 | \$2,207,929 | \$2,207,929 | \$2,073,702 | \$2,199,173 | \$2,086,573 | \$2,131,033 | \$2,086,573 | \$2,131,033 | \$2,131,033 | \$2,086,573 | \$2,160,893 | \$25,657,153 |
| SUBTOTAL FIRM DEMAND CHARGES | | | | | | | | | | | | | |
| GSS: DEMAND CHARGE | \$87,327 | \$90,238 | \$90,238 | \$81,505 | \$90,238 | \$87,327 | \$90,238 | \$87,327 | \$90,238 | \$87,327 | \$90,238 | \$90,238 | \$1,062,479 |
| CAPACITY CHARGE | \$35,128 | \$36,299 | \$36,299 | \$32,786 | \$36,299 | \$35,128 | \$36,299 | \$35,128 | \$36,299 | \$35,128 | \$36,299 | \$36,299 | \$427,391 |
| WSS: DEMAND CHARGE | \$7,522 | \$7,773 | \$7,773 | \$7,020 | \$7,773 | \$7,522 | \$7,773 | \$7,522 | \$7,773 | \$7,522 | \$7,773 | \$7,773 | \$91,519 |
| CAPACITY CHARGE | \$8,297 | \$8,573 | \$8,573 | \$7,744 | \$8,573 | \$8,297 | \$8,573 | \$8,297 | \$8,573 | \$8,297 | \$8,573 | \$8,573 | \$100,943 |
| PVS: DEMAND CHARGE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CAPACITY CHARGE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LNG: DEMAND CHARGE | \$1,161 | \$1,200 | \$1,200 | \$1,084 | \$1,200 | \$1,161 | \$1,200 | \$1,161 | \$1,200 | \$1,161 | \$1,200 | \$1,200 | \$14,128 |
| LGA: DEMAND CHARGE | \$1,857 | \$1,919 | \$1,919 | \$1,733 | \$1,919 | \$1,857 | \$1,919 | \$1,857 | \$1,919 | \$1,857 | \$1,919 | \$1,919 | \$22,594 |
| ESS: DEMAND & INJECTION CHARGE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CAPACITY CHARGE | \$31,775 | \$32,834 | \$32,834 | \$29,657 | \$32,834 | \$30,861 | \$31,889 | \$30,861 | \$31,889 | \$30,861 | \$31,889 | \$31,889 | \$380,987 |
| FSS: DEMAND CHARGE | \$11,425 | \$11,806 | \$11,806 | \$10,663 | \$11,806 | \$11,425 | \$11,806 | \$11,425 | \$11,806 | \$11,425 | \$11,806 | \$11,806 | \$117,981 |
| CAPACITY CHARGE | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$24,142 | \$289,704 |
| CAPACITY CHARGE | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$29,021 | \$350,672 |
| SUBTOTAL STORAGE DEMAND CHARGES | \$237,655 | \$243,805 | \$243,805 | \$225,355 | \$243,805 | \$223,715 | \$225,378 | \$219,373 | \$225,378 | \$225,378 | \$219,373 | \$225,378 | \$2,758,398 |
| TOTAL DEMAND CHARGES \$ | \$2,392,368 | \$2,451,734 | \$2,451,734 | \$2,299,057 | \$2,442,978 | \$2,310,288 | \$2,356,411 | \$2,305,946 | \$2,356,411 | \$2,356,411 | \$2,305,946 | \$2,386,271 | \$28,415,551 |

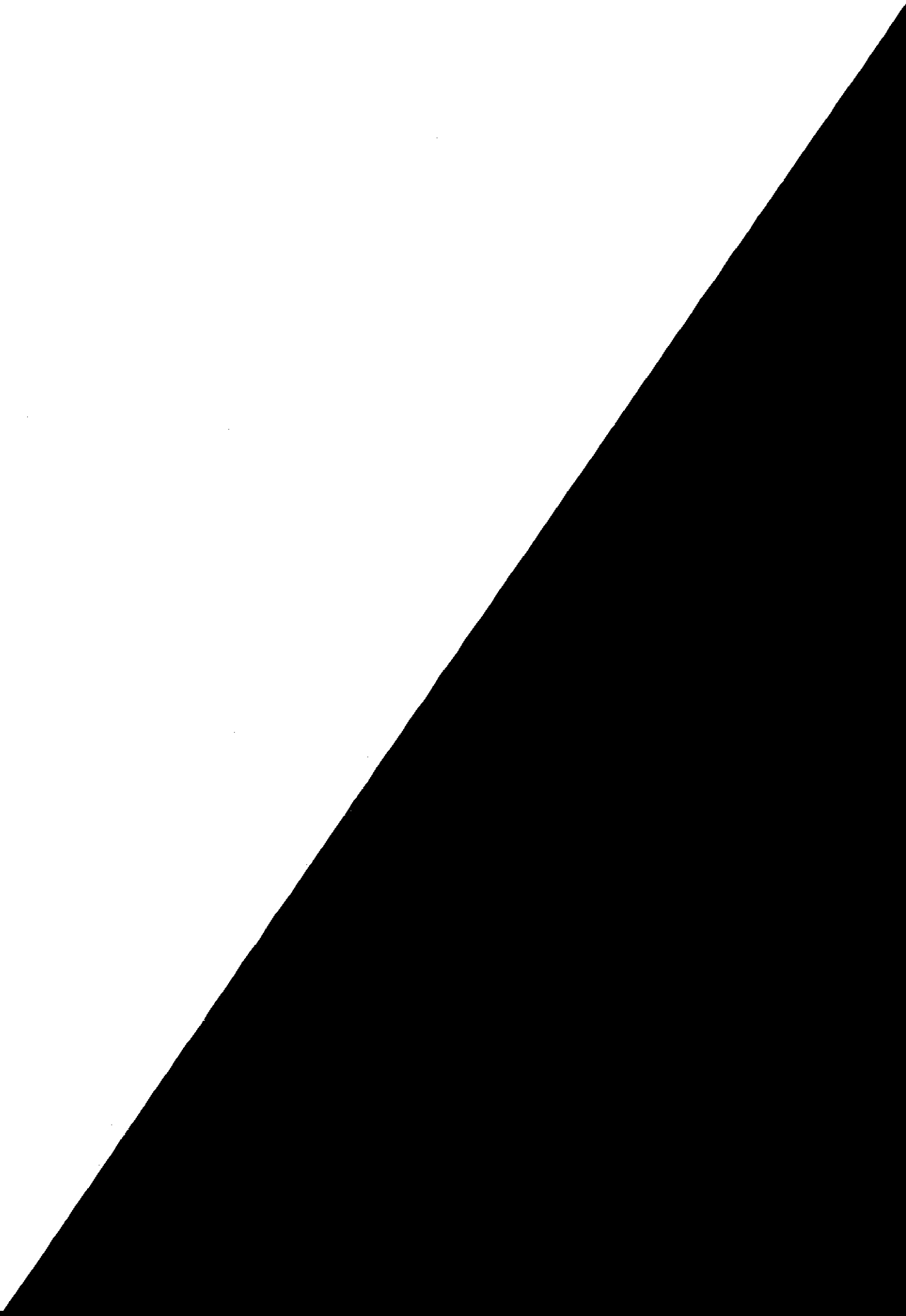
DESCRIPTION

| | NOV 2012 | DEC 2012 | JAN 2013 | FEB 2013 | MAR 2013 | APR 2013 | MAY 2013 | JUN 2013 | JUL 2013 | AUG 2013 | SEP 2013 | OCT 2013 | GCR TOTAL |
|---------------------------------------------|-------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| 175 OVERALL SUMMARY | | | | | | | | | | | | | |
| 176 FIRM DEMAND | 1,318,248 | 2,149,905 | 2,821,319 | 2,512,482 | 1,906,733 | 1,005,044 | 344,990 | 159,186 | 175,701 | 179,015 | 219,331 | 437,989 | 13,229,943 |
| 177 NONFIRM DEMAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 178 STORAGE INJECTION (NO WSS) | 0 | 0 | 0 | 0 | 0 | 303,924 | 513,956 | 449,502 | 350,086 | 345,089 | 450,009 | 99,894 | 2,512,240 |
| 179 WSS STORAGE INJ | 0 | 0 | 0 | 0 | 0 | 147,186 | 159,998 | 156,998 | 147,186 | 147,186 | 147,186 | 50,779 | 953,517 |
| 180 TOTAL DEMAND | 1,318,248 | 2,149,905 | 2,821,319 | 2,512,482 | 1,906,733 | 1,456,154 | 1,015,944 | 765,886 | 672,973 | 671,269 | 816,525 | 588,462 | 16,695,700 |
| 181 FIRM SUPPLY | 1,148,997 | 1,247,224 | 1,554,109 | 1,404,608 | 1,603,665 | 1,451,154 | 1,010,944 | 760,886 | 667,973 | 666,269 | 811,525 | 583,462 | 12,910,616 |
| 182 NONFIRM SUPPLY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 183 WSS & ESS WITHDRAWAL | 164,251 | 283,816 | 298,309 | 223,309 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,089,686 |
| 184 STORAGE WITHDRAWAL (less WSS & ESS) | 5,000 | 618,865 | 988,900 | 884,555 | 203,068 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 2,715,398 |
| 185 TOTAL SUPPLY | 1,318,248 | 2,149,905 | 2,821,319 | 2,512,482 | 1,906,733 | 1,456,154 | 1,015,944 | 765,886 | 672,973 | 671,269 | 816,525 | 588,462 | 16,695,700 |
| 186 NET SUPPLY VS DEMAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 187 COMMODITY EXPENSE, \$ | | | | | | | | | | | | | |
| 188 TOTAL COMMODITY FIRM TRANSPORT \$ | \$5,619,297 | \$6,284,941 | \$7,033,044 | \$6,366,041 | \$7,193,864 | \$5,309,476 | \$3,735,673 | \$2,838,793 | \$2,530,185 | \$2,531,095 | \$3,078,650 | \$2,216,040 | \$54,717,099 |
| 189 TOTAL COMMODITY NONFIRM TRANSPORT \$ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 190 SUBTOTAL COMMODITY TRANSPORT \$ | \$5,619,297 | \$6,284,941 | \$7,033,044 | \$6,366,041 | \$7,193,864 | \$5,309,476 | \$3,735,673 | \$2,838,793 | \$2,530,185 | \$2,531,095 | \$3,078,650 | \$2,216,040 | \$54,717,099 |
| 191 TOTAL COMMODITY STORAGE \$ | \$486,854 | \$3,069,487 | \$4,347,678 | \$3,789,193 | \$1,002,091 | (\$1,614,403) | (\$2,441,627) | (\$2,234,629) | (\$1,950,341) | (\$1,841,445) | (\$2,238,348) | (\$551,081) | (\$76,571) |
| 192 SUBTOTAL COMMODITY STORAGE \$ | \$486,854 | \$3,069,487 | \$4,347,678 | \$3,789,193 | \$1,002,091 | (\$1,614,403) | (\$2,441,627) | (\$2,234,629) | (\$1,950,341) | (\$1,841,445) | (\$2,238,348) | (\$551,081) | (\$76,571) |
| 193 TOTAL COMMODITY \$ | \$6,106,151 | \$9,354,428 | \$11,380,723 | \$10,155,234 | \$8,195,955 | \$3,695,073 | \$1,294,046 | \$604,164 | \$679,844 | \$689,650 | \$840,302 | \$1,664,959 | \$54,640,528 |
| 194 DEMAND EXPENSE, \$ | | | | | | | | | | | | | |
| 195 SUBTOTAL DEMAND FIRM TRANSPORT | \$2,154,713 | \$2,207,929 | \$2,207,929 | \$2,073,702 | \$2,199,173 | \$2,086,573 | \$2,131,033 | \$2,086,573 | \$2,131,033 | \$2,086,573 | \$2,160,893 | \$2,376,932 | \$80,374,252 |
| 196 SUBTOTAL DEMAND NONFIRM TRANSPORT | \$237,655 | \$243,805 | \$243,805 | \$225,355 | \$243,805 | \$223,715 | \$225,378 | \$219,373 | \$225,378 | \$219,373 | \$225,378 | \$225,378 | \$2,681,827 |
| 197 SUBTOTAL DEMAND STORAGE | \$2,392,368 | \$2,451,734 | \$2,451,734 | \$2,299,057 | \$2,442,978 | \$2,310,288 | \$2,356,411 | \$2,305,946 | \$2,356,411 | \$2,305,946 | \$2,386,271 | \$2,602,310 | \$83,056,079 |
| 198 TOTAL DEMAND | \$2,392,368 | \$2,451,734 | \$2,451,734 | \$2,299,057 | \$2,442,978 | \$2,310,288 | \$2,356,411 | \$2,305,946 | \$2,356,411 | \$2,305,946 | \$2,386,271 | \$2,602,310 | \$83,056,079 |
| 199 TOTAL EXPENSE \$ | \$7,774,010 | \$8,472,870 | \$9,240,973 | \$8,439,743 | \$9,393,036 | \$7,396,049 | \$5,866,705 | \$4,925,366 | \$4,661,217 | \$4,662,128 | \$5,165,223 | \$4,376,932 | \$80,374,252 |
| 200 TOTAL FIRM TRANSPORT | \$774,010 | \$847,280 | \$924,093 | \$843,973 | \$939,306 | \$739,609 | \$586,705 | \$492,536 | \$466,217 | \$466,217 | \$516,523 | \$437,693 | \$80,374,252 |
| 201 TOTAL STORAGE CHARGES | \$724,509 | \$3,313,292 | \$4,591,483 | \$4,014,548 | \$1,245,896 | (\$1,390,888) | (\$2,216,249) | (\$2,015,256) | (\$1,624,963) | (\$1,616,067) | (\$2,018,975) | (\$325,703) | \$2,681,827 |
| 202 TOTAL STORAGE CHARGES | \$724,509 | \$3,313,292 | \$4,591,483 | \$4,014,548 | \$1,245,896 | (\$1,390,888) | (\$2,216,249) | (\$2,015,256) | (\$1,624,963) | (\$1,616,067) | (\$2,018,975) | (\$325,703) | \$2,681,827 |
| 203 PRIOR PERIOD ADJUSTMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 204 TOTAL GAS SUPPLY EXPENSE \$ | \$8,498,519 | \$11,786,161 | \$13,832,456 | \$12,454,291 | \$10,638,932 | \$6,005,361 | \$3,650,456 | \$2,910,110 | \$3,036,254 | \$3,046,061 | \$3,146,248 | \$4,051,229 | \$83,056,079 |
| 205 CREDIT FROM CAPACITY RELEASE \$ | \$120,000 | \$147,250 | \$147,250 | \$133,000 | \$147,250 | \$142,500 | \$147,250 | \$142,500 | \$147,250 | \$142,500 | \$142,500 | \$147,250 | \$1,711,250 |
| 206 CREDIT FROM OFF-SYSTEM SALES \$ | \$110,238 | \$351,095 | \$238,612 | \$116,787 | \$114,792 | \$60,592 | \$110,557 | \$128,171 | \$90,505 | \$90,591 | \$98,602 | \$139,950 | \$1,850,491 |
| 207 TOTAL CREDIT | \$230,238 | \$498,345 | \$385,862 | \$249,787 | \$262,042 | \$203,092 | \$257,807 | \$270,671 | \$237,755 | \$237,841 | \$241,102 | \$287,200 | \$3,561,741 |
| 208 WACCOG with Hedges, \$/MCF | \$4,6320 | \$4,3418 | \$4,0338 | \$4,0419 | \$4,2984 | \$3,6765 | \$3,7510 | \$3,7953 | \$3,8693 | \$3,8525 | \$3,8312 | \$3,8014 | \$4,1301 |
| 209 WACCOG without Hedges, \$/MCF | \$3,2050 | \$3,5003 | \$3,5922 | \$3,5993 | \$3,6484 | \$3,6839 | \$3,7364 | \$3,7737 | \$3,8320 | \$3,8503 | \$3,8312 | \$3,8014 | \$3,5786 |
| 210 NYMEX Gas Futures 08/13/2012 | \$3,0926 | \$3,3907 | \$3,5335 | \$3,5480 | \$3,5335 | \$3,5159 | \$3,5542 | \$3,6028 | \$3,6453 | \$3,6649 | \$3,6701 | \$3,6960 | \$79,694,338 |
| 211 Difference from WACCOG (without Hedges) | \$0,1124 | \$0,1097 | \$0,0587 | \$0,0513 | \$0,1149 | \$0,1680 | \$0,1822 | \$0,1709 | \$0,1868 | \$0,1853 | \$0,1611 | \$0,1054 | \$0,1054 |
| 212 | | | | | | | | | | | | | |
| 213 | | | | | | | | | | | | | |
| 214 | | | | | | | | | | | | | |
| Total Firm Sendout | 1,318,248 | 2,149,905 | 2,821,319 | 2,512,482 | 1,906,733 | 1,005,044 | 344,990 | 159,186 | 175,701 | 179,015 | 219,331 | 437,989 | 13,229,943 |
| +Storage Injection | 0 | 0 | 0 | 0 | 0 | 451,110 | 670,954 | 606,500 | 497,272 | 492,254 | 597,194 | 150,473 | 3,465,757 |
| -Storage Withdrawal | (169,251) | (902,681) | (1,267,210) | (1,107,874) | (303,068) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (3,785,084) |
| Total Hedgeable In Mcf | 1,148,997 | 1,247,224 | 1,554,109 | 1,404,608 | 1,603,665 | 1,451,154 | 1,010,944 | 760,886 | 667,973 | 666,269 | 811,525 | 583,462 | 12,910,616 |
| Total Hedgeable In Dth | 1,189,212 | 1,290,877 | 1,608,503 | 1,453,769 | 1,659,794 | 1,501,944 | 1,046,327 | 787,310 | 691,352 | 689,589 | 839,929 | 603,883 | 13,362,487 |

- (1) Hedges executed prior to the Stipulations set forth in PSC Docket No. 08-266F. Includes options assumed to deliver full volumetric entitlements.
- (2) Hedges executed according to the Stipulations set forth in PSC Docket No. 08-266F
- (3) August 13, 2012 NYMEX prices

[illegible]

| | | | | |
|-----------|---------------------------|----------|-----|---------|
| 35 | DPL LNG | Stor Dem | LNG | 25,000 |
| 36 | DPL LNG | Stor Cap | LNG | 250,000 |
| 37 | DPL LNG | | | |
| 38 | Total Firm Deliverability | | | 190,775 |
| 39 | | | | |



1 DELMARVA POWER & LIGHT COMPANY
2 TESTIMONY OF ROBERT W. BRIELMAIER
3 BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION
4 CONCERNING THE NOVEMBER 2012 THROUGH OCTOBER 2013
5 GAS COST RATE
6 PSC DOCKET NO. 12 - ____ F

7 1. Q: Please state your name, position and business address.

8 A: Robert W. Brielmaier, Manager of Gas Operations, Delmarva Power & Light
9 Company (Delmarva). My business address is 630 Martin Luther King Boulevard,
10 PO Box 231, Wilmington, Delaware 19899-0231.

11 2. Q: What are your responsibilities in your role as Manager of Gas Operations?

12 A: As the Manager of Gas Operations, I oversee the day-to-day delivery of natural
13 gas to Delmarva's customers. I am responsible for the operation of Delmarva's Gas
14 Operations Control Room, its Liquefied Natural Gas Plant (LNG) and its gate and
15 regulator stations. I am also responsible for related gas business, regulatory and
16 system planning activities, including relationships with Delmarva's pipeline
17 suppliers.

18 3. Q: What is your educational and professional background and experience?

19 A: I am a graduate of Rutgers University with a Bachelor's Degree in Business
20 Administration. I have been employed by Delmarva Power since 1982, serving in
21 various supervisory and management capacities including Gas Customer Service,
22 Gas Engineering, Gas Construction and Maintenance, and Gas Operations.
23

1 **Q: Have you previously testified before the Delaware Public Service Commission?**

2 A: Yes. I have provided testimony before the Delaware Public Service Commission
3 in the Annual Gas Cost Rate cases for 2010-2011 and 2011-2012. I also provided
4 testimony in the docket concerning new tariff provisions for Qualified Fuel Cell
5 Provider in 2011.

6 **4. Q: What is the purpose of your testimony?**

7 A: The purpose of my testimony is to support Delmarva's Application for revisions
8 to the Gas Cost Rate (GCR) proposed to be effective during the period November
9 2012 through October 2013. My testimony will address the overall development of
10 Delmarva's gas sales, transportation and sendout volume forecasts. My testimony
11 will also address an evaluation by Delmarva of the Lost and Unaccounted For Gas
12 (LAUF) on a specific segment of the gas transmission system and related gas
13 measurement issues. I will also address a modification to the methodology for
14 calculating the GCR customer loss factor, and a credit to be applied to the Deferred
15 Fuel Balance which has resulted from this evaluation of the gas transmission
16 segment.

17 **5. Q: What level of sales does Delmarva forecast for the 2012-13 GCR period?**

18 A: As shown on Schedule RWB-1, for the 2012-13 GCR period, Delmarva
19 forecasts Firm Bundled Sales of 12,856,057 MCF and Firm Transportation volume
20 of 6,388,595 MCF totaling a Firm Throughput of 19,244,652 MCF.
21
22
23

1 **6. Q: Please summarize the comparison between the current forecast results and**
2 **the forecast filed with the Commission in Docket 11-381-F?**

3 **A:** As shown on Schedule RWB-1, forecasted Firm Bundled Sales are essentially
4 unchanged (-0.7%), Firm Transportation is down 3.8% and Firm Throughput is
5 down 1.7 %. Interruptible Transportation shows a 10 % decrease. When compared
6 to last year's GCR forecast, the following customer classes reflect increased sales
7 for the upcoming GCR period: RES (+8.7%), GG (+0.7%), GVFT(+15.6%),
8 MVFT (+6.7%) and MVIT (+6.6%). The customer class forecasts showing a
9 decrease over the prior period are RSH (-0.4%), MVG (-7.4%), LVG (-100%),
10 LVFT (-8.3%) and LVIT (-15.6%). The 100% change in the LVG forecast reflects
11 the conversion of the only remaining LVG customer to LVFT.

12 During the time period August 2011 through August 2012, fifty three (53)
13 Large or Transportation customer changes occurred. These included changes to
14 MDQ, facility closings or additions, and rate changes. The net changes in customer
15 counts to the various large customer rate classes are summarized below.

16

| | MVG | LVG | | GVFT | MVFT | LVFT | | MVIT | LVIT |
|-----------------------|-----|-----|--|------|------|------|--|------|------|
| 17 August 2011 | 21 | 1 | | 62 | 37 | 16 | | 5 | 5 |
| 18 August 2012 | 17 | 0 | | 83 | 43 | 19 | | 5 | 4 |
| Change | -4 | -1 | | 21 | 6 | 3 | | 0 | -1 |

19

20 **7. Q: Please describe the forecast methodology utilized this year.**

21 **A:** The forecast continues to use the methodology utilized in prior years,
22 specifically, multi-variant econometric models for the projection of sales and
23 customer growth for the Residential, Residential Space Heat, and General Gas rate

1 customers. These rate classes generally are designated as the "small" customer
2 classes. The volumes for MVG, LVG and GL were projected deterministically, on a
3 customer by customer basis. Monthly sales patterns for specific customers were
4 adjusted to reflect any recent customer information. The adjustments made include
5 contract, production or maintenance schedule changes, load additions or deletions, or
6 other adjustments particular to each customer's activity. Monthly sales in the Firm
7 and Interruptible gas transportation classes respectively ("FT", "IT") were developed
8 in the same manner.

9 **8. Q: How was normal weather defined?**

10 A: The 30-year average of monthly Heating Degree Days (HDD) on a 65 degree
11 Fahrenheit basis was used consistent with the Commission's Order No. 6327 in
12 Docket 03-127. The HDD history is based on NOAA weather data collected at the
13 "Wilmington" site located at New Castle County Airport, New Castle, Delaware.
14 The historic methods of using normal temperature data to estimate sales continue in
15 use for this forecast.

16 **9. Q: Please describe the development of the system's gas requirements forecast.**

17 A: Firm sendout is based upon (a) a monthly forecast of firm billed sales,
18 adjusted for (b) company use, (c) a 3% factor for LAUF and (d) cycle billing
19 effect. Schedule MG-3 presents the firm sales, company use, LAUF and cycle
20 billing estimates on lines 2, 3 and 4.

1 10. Q: Does the 3% LAUF factor to be applied in this GCR period represent a
2 change from the previous GCR period?

3 A. Yes. The loss factor has been increased from 2% to 3% due to the adoption of a
4 revised methodology for determining GCR customer losses. The previous
5 methodology included the calculation of volumetric flows to a large volume gas
6 customer (hereinafter referred to as "LG Customer")¹. The new methodology will
7 include only volumes flowing to Delmarva's firm billed and transportation
8 customers. This change in methodology is the result of the recent evaluation of
9 LAUF included in my testimony below.

10 11. Q: When and why did Delmarva initiate an evaluation of LAUF?

11 A: The evaluation was initiated in the second quarter of 2012 because of a
12 disparity between gas system sendout and billed sales. While gas sendout and billed
13 sales are not always correlated on a monthly basis due to cycle billing and seasonal
14 gas use patterns, the disparity could not be explained by this usual imbalance alone,
15 thus prompting a more in-depth analysis.

16 12. Q: What was the focus of this analysis?

17 A. The analysis focused on factors that might have changed, thereby altering the
18 historic relationship between gas sendout and billed sales. It was noted that gas
19 flows for the LG Customer had increased significantly at the same time the
20 disparity between gas sendout and billed sales occurred. This led to an evaluation
21 of the link between the LG Customer flows and gas sendout.

22 13. Q: What analysis of pipeline flows and metering was performed by Delmarva?

¹ Delmarva's policy is that unless necessary, it does not identify individual customers in public filings.

1 A. The recognition that the LG Customer volumes flow on the specific gas
2 transmission pipeline segment utilized by the LG Customer led to an evaluation of
3 that pipeline segment for any LAUF which might impact gas sendout. Gas Flows to
4 the LG Customer are initiated at Delmarva's Ridge Road gate station and then flow
5 through the 24" Claymont to Wilmington pipeline enroute to the LG Customer's
6 complex. Delmarva gas flows for firm and transportation customers are also
7 initiated at the Ridge Road gate station and relatively small volumes also flow
8 through the 24" pipeline and enter the Delmarva distribution system. There are a
9 total of fourteen (14) meters associated with this pipeline segment which were
10 analyzed to isolate any discrepancy in metered flows. In particular, it was necessary
11 to determine whether the upstream meters (pipeline suppliers at Ridge Road gate
12 station) balanced with the downstream meters (combination of LG Customer and
13 Delmarva meters at Ridge Road and Hay Road). The analysis revealed that the
14 meters were not in balance, resulting in LAUF on the pipeline.

15 14. Q: What is typically the source of LAUF on a transmission pipeline segment like
16 the one analyzed here?

17 A. As found in this case, LAUF is typically the result of measurement differences
18 among meter readings as the gas flows from pipeline supplier meter to downstream
19 LG Customer, large customer, and utility company meters. Physical loss of gas is
20 generally not a significant factor in LAUF. In this case, physical loss is not a factor
21 as Delmarva completes regular gas leak surveys and pipeline surveillance on a
22 continuous basis.

1 15. Q: Prior to this evaluation, had Delmarva calculated LAUF for this particular
2 pipeline segment?

3 A. No. Delmarva calculated losses on the entire gas transmission and distribution
4 system but did not focus specifically on any particular pipeline segments.

5 16. Q: What steps has Delmarva taken to ensure LAUF on this pipeline segment is
6 being properly monitored and accounted for going forward?

7 A. Delmarva has initiated a process for calculating LAUF on the pipeline segment
8 on a bimonthly basis and will incorporate this process into its standard operating
9 procedures. Based on Delmarva's current estimate of LAUF, as of July 1, 2012, the
10 LG Customer is now required to make daily deliveries to the Ridge Road gate
11 station equivalent to 101.5% of its confirmed gas requirements. This additional
12 volume of delivered quantities is designed to provide for LG Customer's share of
13 losses on the pipeline segment which have been estimated to be 1.5%.

14 Delmarva has initiated a technical analysis of the meters, instruments, flow
15 computers and associated calculations in an effort to identify the specific source(s)
16 of measurement differences among meter readings, and is conferring with the LG
17 Customer regarding the estimated LAUF factor. Any adjustments to the LAUF
18 factor will be confirmed as appropriate by the technical analysis and a review of the
19 documented bimonthly LAUF calculations.

1 **17. Q: How were GCR customers impacted by the LAUF on the pipeline revealed by**
2 **the evaluation?**

3 A. The measurement differences, resulting from the volumetric differential
4 between upstream and downstream meters as noted, understated the volume of gas
5 actually used by the LG Customer. The LAUF factor is currently estimated to be
6 1.5%, but continued technical analysis and discussions with the LG Customer may
7 result in refined determinations concerning the amount of LAUF attributable to the
8 LG Customer. The calculated daily gas sendout, the gas sent to Delmarva's GCR
9 customers, included the 1.5% of gas used by the LG Customer and therefore was
10 paid for by Delmarva's customers. Delmarva's current estimate for gas supply
11 costs is approximately \$[xx], but this number is subject to change as the evaluation
12 of this matter continues.

13 **B. 18. Q: How will the GCR customers be reimbursed for the gas supply costs**
14 **they incurred?**

15 A. Upon Delmarva's completion of its technical analysis and discussions with the
16 LG Customer to identify the specific source(s) of the measurement differences,
17 Delmarva intends to recover amounts related to LAUF from the LG Customer, and
18 pass on the amounts recovered to GCR customers through an adjustment to the
19 Deferred Fuel Balance. Delmarva has not yet concluded the evaluation of this
20 matter; however, discussions with the LG Customer are in the early stages. As
21 such, the correct number related to past LG Customer LAUF has not been
22 positively identified. Accordingly, in this application, Delmarva has reduced the

1 Deferred Fuel Balance by \$ 2,000,000, which is approximately [xx]% of
2 Delmarva's estimate of the LG Customer LAUF gas supply costs. Upon conclusion
3 of this matter, Delmarva intends to true-up the Deferred Fuel Balance in subsequent
4 GCR filings to reflect the final amounts determined for LAUF related to the LG
5 customer with interest.

6 19. Q: Did Delmarva incur any Pipeline penalties during the period August 2011
7 through July 2012?

8 A: No.

9 20. Q: Does this conclude your pre-filed direct testimony?

10 A: Yes, it does.

Delmarva Power Light Company **2012 - 2013 GCR Period Gas Sales Budget**

Schedule RWB-1

all in mcf **Firm Bundled Sales**

| | RES | RSH | GL | GG | MVG | LVG | Total |
|--------|--------|---------|----|---------|--------|-----|---------|
| Aug-12 | 7,862 | 63,701 | 17 | 138,517 | 5,748 | - | 215,844 |
| Sep-12 | 14,012 | 61,587 | 17 | 150,085 | 6,558 | - | 232,258 |
| Oct-12 | 12,192 | 149,750 | 17 | 220,999 | 10,222 | - | 393,179 |
| Total | 34,066 | 275,038 | 50 | 509,601 | 22,528 | - | 841,282 |

| | | | | | | | |
|--------|---------|-----------|-----|-----------|---------|---|------------|
| Nov-12 | 21,791 | 552,241 | 17 | 383,463 | 33,193 | - | 990,705 |
| Dec-12 | 31,076 | 1,053,711 | 17 | 600,866 | 42,763 | - | 1,728,431 |
| Jan-13 | 36,296 | 1,560,920 | 17 | 764,156 | 46,679 | - | 2,408,068 |
| Feb-13 | 33,637 | 1,568,816 | 17 | 778,785 | 46,802 | - | 2,428,057 |
| Mar-13 | 32,410 | 1,309,140 | 17 | 654,625 | 42,551 | - | 2,038,742 |
| Apr-13 | 24,736 | 852,659 | 17 | 430,187 | 14,706 | - | 1,322,305 |
| May-13 | 18,958 | 377,085 | 17 | 233,773 | 27,277 | - | 657,110 |
| Jun-13 | 13,023 | 157,359 | 17 | 136,813 | 11,247 | - | 318,458 |
| Jul-13 | 12,354 | 94,119 | 17 | 104,452 | 7,770 | - | 218,711 |
| Aug-13 | 7,494 | 63,710 | 17 | 97,446 | 19,467 | - | 188,135 |
| Sep-13 | 13,624 | 61,910 | 17 | 109,178 | 19,808 | - | 204,537 |
| Oct-13 | 11,768 | 152,016 | 17 | 180,405 | 8,594 | - | 352,799 |
| Total | 257,167 | 7,803,685 | 198 | 4,474,149 | 320,857 | - | 12,856,057 |

Comparison to August 2011 GCR & ESR forecast for 11-12 GCR period:

| | | | | | | | |
|---------|---------|-----------|------|-----------|----------|----------|------------|
| Total | 236,614 | 7,831,476 | 198 | 4,442,639 | 346,331 | 89,130 | 12,946,388 |
| Change | 20,553 | (27,791) | - | 31,510 | (25,474) | (89,130) | (90,331) |
| %Change | 8.7% | -0.4% | 0.0% | 0.7% | -7.4% | -100.0% | -0.7% |

Delmarva Power Light Company **2012 - 2013 GCR Period Gas Sales Budget**

Schedule RWB-1

| all in mcf | Firm Transportation | | | Firm Throughput |
|------------|---------------------|-----------|-----------|--------------------|
| | GVFT | MVFT | LVFT | |
| Aug-12 | 17,760 | 64,830 | 373,360 | 671,778 |
| Sep-12 | 20,284 | 69,808 | 389,236 | 711,569 |
| Oct-12 | 34,846 | 88,659 | 392,436 | 909,120 |
| Total | 72,890 | 223,297 | 1,155,032 | 2,292,467 |
| Nov-12 | 64,517 | 113,237 | 385,073 | 1,553,532 |
| Dec-12 | 75,535 | 117,795 | 368,431 | 2,290,193 |
| Jan-13 | 113,980 | 156,958 | 482,691 | 3,161,697 |
| Feb-13 | 97,444 | 136,390 | 456,468 | 3,118,358 |
| Mar-13 | 69,799 | 111,101 | 432,637 | 2,652,278 |
| Apr-13 | 56,776 | 98,241 | 367,738 | 1,845,060 |
| May-13 | 37,598 | 78,374 | 343,190 | 1,116,272 |
| Jun-13 | 24,134 | 71,492 | 323,667 | 737,751 |
| Jul-13 | 21,436 | 65,020 | 336,854 | 642,021 |
| Aug-13 | 21,544 | 68,072 | 341,628 | 619,378 |
| Sep-13 | 25,923 | 73,298 | 358,298 | 662,056 |
| Oct-13 | 42,618 | 93,092 | 357,545 | 846,054 |
| Total | 651,305 | 1,183,071 | 4,554,220 | 19,244,652 |

Comparator Comparison to August 2011 GCR & ESR forecast for 11-12 GCR period:

| | | | | | |
|---------|---------|-----------|-----------|-----------|------------|
| Total | 563,315 | 1,108,936 | 4,968,675 | 6,640,926 | 19,587,314 |
| Change | 87,990 | 74,135 | (414,455) | (252,331) | (342,662) |
| %Change | 15.6% | 6.7% | -8.3% | -3.8% | -1.7% |

Delmarva Power Light Company **2012 - 2013 GCR Period Gas Sales Budget**

Schedule RWB-1

| | Interruptible Transportation | | | | Total Transportation | Total Delivery Sales |
|------------|------------------------------|---------|----------|--------------|----------------------|----------------------|
| | MVIT | LVIT | Total IT | FPS | | |
| all in mcf | | | | Total IT+FPS | | |
| Aug-12 | 21,368 | 44,403 | 65,771 | - | 521,721 | 737,549 |
| Sep-12 | 17,669 | 48,467 | 66,136 | - | 545,464 | 777,705 |
| Oct-12 | 22,147 | 44,210 | 66,357 | - | 582,298 | 975,477 |
| Total | 61,184 | 137,080 | 198,264 | - | 1,649,483 | 2,490,731 |
| Nov-12 | 18,954 | 57,420 | 76,374 | - | 639,201 | 1,629,906 |
| Dec-12 | 17,763 | 52,283 | 70,046 | - | 631,807 | 2,360,238 |
| Jan-13 | 23,273 | 62,280 | 85,553 | - | 839,182 | 3,247,250 |
| Feb-13 | 17,865 | 59,176 | 77,041 | - | 767,342 | 3,195,399 |
| Mar-13 | 18,958 | 37,577 | 56,535 | - | 670,071 | 2,708,813 |
| Apr-13 | 19,489 | 45,534 | 65,023 | - | 587,778 | 1,910,083 |
| May-13 | 20,828 | 37,824 | 58,652 | - | 517,815 | 1,174,924 |
| Jun-13 | 20,849 | 30,952 | 51,801 | - | 471,094 | 789,552 |
| Jul-13 | 18,818 | 40,799 | 59,617 | - | 482,927 | 701,638 |
| Aug-13 | 22,436 | 46,623 | 69,060 | - | 500,303 | 688,438 |
| Sep-13 | 18,552 | 50,890 | 69,443 | - | 526,962 | 731,499 |
| Oct-13 | 23,254 | 46,421 | 69,675 | - | 562,930 | 915,729 |
| Total | 241,039 | 567,779 | 808,818 | - | 7,197,413 | 20,053,470 |

Comparator Comparison to August 2011 GCR & ESR forecast for 11-12 GCR period:

| | | | | | | |
|---------|---------|-----------|----------|----------|-----------|------------|
| Total | 226,072 | 672,358 | 898,430 | - | 7,539,356 | 20,485,744 |
| Change | 14,967 | (104,579) | (89,612) | (89,612) | (341,943) | (432,274) |
| %Change | 6.6% | -15.6% | -10.0% | -10.0% | -4.5% | -2.1% |

James B. Jacoby

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

DELMARVA POWER & LIGHT COMPANY
TESTIMONY OF JAMES B. JACOBY
BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION
CONCERNING THE NOVEMBER 2012 THROUGH OCTOBER 2013
GAS COST RATE
PSC DOCKET NO. 12-__ F

1. Q: State your name, position, and business address.

A: James B. Jacoby, Regulatory Lead, Regulatory Affairs Department for PHI Service Company, which is a subsidiary of Pepco Holdings, Inc., the parent company of Delmarva Power & Light Company (Delmarva), New Castle Regional Office, 401 Eagle Run Road, Newark, Delaware 19714.

2. Q: Please state your educational background and relevant experience.

A: I graduated from the Pennsylvania State University with a Bachelor of Science in Engineering. I am a registered Professional Engineer in the State of Pennsylvania. In 1988, I became an employee of Delmarva. My responsibilities now include, among other things, the calculation and monitoring of jurisdictional fuel revenue and expense for Delmarva. My prior experience includes risk management, environmental permitting, operations management, regulatory compliance, position control, and financial reporting. My commodity experience includes natural gas, coal, electricity, refined products, emissions and renewable energy credits.

1 3. Q: Have you previously testified before this Commission?

2 A: Yes, I have testified in the 2011-2012 GCR proceeding and the 2011
3 Qualified Fuel Cell Provider proceeding.

4 4. Q: What is the purpose of this testimony?

5 A: Delmarva is seeking approval of a decrease to the Gas Cost Rate (GCR) to
6 be effective with usage on and after November 1, 2012, with proration and subject
7 to refund after final Commission order. This testimony supports the calculation of
8 the GCR as required by the Gas Service Tariff, which is summarized on Schedule
9 JBJ-1, Page 1. Calculation of the proposed GCR factors is based on the gas sales
10 forecast sponsored by Witness Brielmaier, the delivered cost of purchased gas, the
11 average pipeline rate, off-system sales and capacity release estimates, and system
12 design day load, sponsored by Witness Giovannini.

13 My testimony specifically addresses the following matters:

- 14 1. The development of the GCR based on the Gas Service Tariff;
- 15 2. The reconciliation of actual versus estimated system weighted average
16 commodity cost of gas (WACCOG) assigned to LVG and electing
17 MVG Customers;¹
- 18 3. The Interest Calculation Adjustments;
- 19 4. Lost and Unaccounted For (LAUF) adjustment's effect on the GCR;
- 20 5. The audit of the 2011-2012 GCR year; and
- 21 6. The revision of the Balancing Charge rate applicable to Gas
22 Transportation Customers.

¹ There were no electing MVG customers for the 2011-2012 GCR year.

1 5. Q: Please compare the proposed 2012-2013 GCR to the current rate.

2 A: The GCR components applicable to firm sales customers, compared with the
3 currently effective Gas Cost Rate factors, are shown below:

4 GAS COST RATE

| | <u>Current</u> | <u>Proposed</u> | <u>Change</u> |
|-----------------------------------------|--------------------------|--------------------------|-------------------------|
| 5 RG, GG, and GL | 88.804¢/ccf | 68.967¢/ccf | (19.837)¢/ccf |
| 7 LVG and MVG 8 Demand | \$11.0936/Mcf of MDQ* | \$11.6589/Mcf of MDQ* | \$0.5653/Mcf of MDQ* |
| 9 Non-Electing MVG 10 Commodity | \$7.1740/Mcf | \$5.1051/Mcf | (\$2.0689)/Mcf |
| 11 LVG and Electing 12 MVG Commodity | Varies Monthly | Varies Monthly | N/A |

13 * "MDQ" is Maximum Daily Quantity, which is a measure of a customer's contribution to
14 peak demand.
15

16 The 2012-2013 calculation of the GCR factors is summarized on Schedule
17 JBJ-1, Page 1 of 6. Calculations which support the Commodity Cost Rate (CCR)
18 factors appear on Schedule JBJ-1, Pages 2 and 3. Derivation of the Demand Cost
19 Rate (DCR) factors for LVG/MVG customers and Volumetric customers is shown
20 on Schedule JBJ-1, Pages 4 through 6. The details of the calculation of Off-System
21 Sales and Capacity Release Margins are itemized on Schedule JBJ-2. Schedule
22 JBJ-3 shows the allocation of estimated costs between the various customer classes,
23 and Schedule JBJ-4 includes the derivation of the Demand Expense True-up for the
24 prior GCR period. Schedules JBJ-5 through 7, and JBJ-11, contain the Recovery
25 Schedules and the associated interest calculations based on actual information for
26 the 2010-2011 GCR period, (9+3) for the current GCR period, and 12 months
27 estimated for the Application Period in this filing. Schedule JBJ-8 shows the
28

1 derivation of the LVG and Electing MVG WACCOG true-up for July 2011 through
2 June 2012. Schedules JBJ-9 and JBJ-10 contain comparisons of sales and
3 recoverable fuel costs. JBJ-12 provides the details for Delmarva's request to change
4 the transportation customer Balancing Charge. The presently effective DCR factor
5 applicable to MVG and LVG customers and the current CCR and DCR factors
6 applicable to RG and GG customers were approved, on a temporary basis and
7 subject to refund, by Commission Order No. 8040 in Docket No. 11-381F. These
8 became effective with usage on and after November 1, 2011, with proration.

9 6. Q: Does Delmarva propose any change in the method for calculating 2012/2013
10 GCR?

11 A. No.

12 7. Q: Please explain the derivation of the estimated firm gas expenses for the period
13 November 2012 through October 2013.

14 A: The total estimated gas expenses for the upcoming GCR period are
15 sponsored by Witness Giovannini in his Schedule MG-3. Estimated gas costs
16 associated with Company-Use are credited against total estimated gas commodity
17 costs in their entirety. Revenue from Transition Charges from customers who
18 switched from a Firm Sales to a Transportation Service, No-Notice Swing
19 Charges, and Balancing Charges are all credited against estimated gas demand
20 expenses at 100% of their value. Margins related to Interruptible Transportation
21 are shared with customers on an 80%/20% basis with 80% returned to firm
22 customers through revenue credits and 20% retained by Delmarva.

1 Margins from Capacity Release and Off-System Sales are credited to the
2 GCR at 100% until a total credit of \$3.0 million is reached for the 12-month period
3 ending every June. Once the \$3.0 million threshold is met, the margins are then
4 shared at the 80%/20% level until the following July.

5 **8. Q: Please explain how the revenue credits for service to Interruptible Gas**
6 **Transportation customers were developed.**

7 A: Margins associated with Interruptible Gas Transportation customers are
8 shared on an 80%/20% basis, with 80% credited to firm full-requirements
9 customers through development of the Demand Factor of the GCR. These margins
10 include customer charges and delivery charges incurred by those customers.

11 **9. Q: Please discuss the gas costs and recoveries for the current November 2011**
12 **through October 2012 GCR period.**

13 A: The monthly comparison of actual gas cost and recovery for the period
14 November 2011 through July 2012 and estimated gas cost and recovery for the
15 period August 2012 through October 2012 are shown in Schedule JBJ-6, Pages 1
16 and 2. Firm gas costs and recoveries have been compared for each of those months
17 to determine the monthly over or under-recovery of gas costs.

18 Schedule JBJ-6, Page 1 shows the projected under-recovery balance of
19 \$12,008,315 (exclusive of interest) of estimated recoverable gas expenses, which is
20 based on nine months of historical data and three months of updated estimates
21 prepared for this filing. The Adjusted Deferred Fuel Balance at November 1, 2011
22 was \$22,280,985. The projected under-recovery position expected at October 31,
23 2012 is \$12,008,315 which is carried into the 2012-2013 application year.

1 **10. Q: Please discuss the interest calculation and interest adjustments.**

2 A: As specified on Leaf No. 36 in Delmarva's Gas Service Tariff, interest in the
3 amount of \$461,619 was calculated based on the average monthly gas deferred fuel
4 balances, at the rate of 1/12 of the applicable FERC Natural Gas Interest Rate Factor,
5 3.25%, for GCR period 2011-2012, which is available on the FERC website. The
6 interest calculation for the 2012-2013 GCR period is based on nine months of
7 historical data and three months of updated estimates prepared for this filing, and is
8 detailed on Schedule JBJ-7.

9 There were two interest adjustments included on Schedule JBJ-7. The first is
10 an interest credit to GCR customers totaling \$171,000. Delmarva agreed to this
11 adjustment in settlement stipulation Docket Number 10-295F which included the
12 2012-2013 Application Year. The second interest adjustment is an interest credit to
13 customers for the LAUF adjustment, described in Question 15, which totals \$62,901.
14 The adjusted interest expense for 2012/2013 GCR is \$227,718.

15 **11. Q: Please describe the derivation of the proposed Commodity Cost Rate factors**
16 **for the 2012-2013 GCR Application period.**

17 A: Two steps derive the Commodity Cost Rate (CCR) factors for Delmarva's
18 Firm customers. First, total estimated firm commodity costs are allocated between
19 Annual CCR (RG, GG, GL, and Non-Electing MVG customers) and Monthly
20 CCR (LVG and Electing MVG) customers. The same method was used in prior
21 GCR filings to calculate the estimated commodity costs to be assigned to the
22 Monthly CCR customers by setting the commodity portion each month at the
23 system Weighted Average Commodity Cost of Gas (WACCOG) projected for that
24 month (as adjusted for losses and unaccounted-for gas). This method sets monthly
25 commodity revenues equal to expenses for Monthly CCR customers. All
26 remaining estimated firm commodity expenses are assigned to the Annual CCR
27 customers.

1 Schedule JBJ-1, Page 3, shows there are no projected Monthly CCR
2 customers for the 2012-2013 GCR. As a result, there is no allocation between
3 Monthly and Annual CCR customers in this Application Period.

4 A true-up of LVG and Electing MVG commodity revenues and expenses
5 will be made if there is an over-recovery or under-recovery that exceeds 5% of
6 total gas commodity costs or \$250,000 for the 12 months ended June 30, 2012.
7 The actual WACCOG variance for the 12 months ended June 30, 2012 was an
8 over-recovery of \$9,948 or 2.77%, as shown on Schedule JBJ-8. As a result, there
9 is no true-up required for the 2012-2013 GCR period.

10 Once the assignment of estimated firm commodity costs between Annual and
11 Monthly CCR customers has been determined, the Annual CCR factor can be
12 calculated. Any over-recovery or under-recovery balance and associated interest
13 remaining from the prior GCR period, net of the demand cost true-up discussed in
14 response to Question No. 13, is assigned to the Annual CCR customers. The
15 calculation of commodity gas cost factors is shown on Schedule JBJ-1, Page 2.

16 **12. Q: Please describe the derivation of the proposed Demand Cost Rate factors for**
17 **the 2012/2013 GCR period.**

18 **A:** Demand-related costs are allocated and recovered through two separate and
19 distinct mechanisms in accordance with past practices. The allocation of firm gas
20 demand charges is the first step in this process, and involves the calculation of
21 average and excess daily loads. Average daily loads are calculated by dividing
22 projected sales by class over the entire GCR period, by the number of days in the
23 period. These average daily loads are then multiplied by the Average Pipeline
24 Rate, sponsored by Witness Giovannini, to derive firm demand expenses
25 attributable to service rendered to support average loads. All remaining firm
26 demand expenses are allocated based on excess loads, which are calculated by
27 subtracting the average daily loads, by class, from the design day loads. The ratio

1 of each class's excess load to the system total is then multiplied by the demand
2 costs which remain unallocated after the development of expenses based on
3 average loads. The addition of the average and excess load allocations result in the
4 firm demand costs, which are to be collected from the volumetric (RG, GG, and
5 GL) and Demand Metered (MVG and LVG) classes.

6 The gas demand rate applicable to MVG and LVG customers is calculated
7 by dividing their share of firm demand charges by their total Contract Maximum
8 Daily Quantity (MDQ), which is a measure of an individual customer's
9 contribution to the peak level of demand. This calculation appears on Schedule
10 JBJ-1, Page 4.

11 Firm gas demand expenses not allocated to the non-volumetric DCR
12 customers are the basis for calculating the volumetric DCR factor. The calculation
13 of the volumetric DCR factor appears on Schedule JBJ-1, Page 6.

14 A summary of the allocation of firm commodity and demand expenses
15 among the various classes is shown on Schedule JBJ-3, Page 1.

16 **13. Q: Please discuss the demand cost true-up included in the calculation of the**
17 **Demand Cost Rate factors for both volumetric and non-volumetric customers.**

18 A: A true-up of demand-related cost differences has been applied to all sales
19 customers. This true-up is achieved by comparison of the estimated monthly
20 demand costs and the actual demand costs for the period of August 2011 through
21 July 2012. For the period of August 2012 through October 2012, estimates from
22 the August 2011 GCR filing are compared to the estimates developed for use in
23 this filing. The cumulative monthly variance is multiplied by 1/12 of the FERC
24 Gas Refund Rate then in effect. The total true-up (variance plus interest) of
25 \$219,790 is allocated among the volumetric and non-volumetric customers in the
26 development of the volumetric and non-volumetric DCR factor calculations. This
27 calculation appears on Schedule JBJ-4.

1 **14. Q: Please describe Schedules JBJ-9 through JBJ-11.**

2 A: Schedule JBJ-9 details actual and estimated monthly sales for the twelve
3 months ended October 31 in 2011, 2012, and 2013. Schedule JBJ-10 compares the
4 actual and estimated gas costs and regulatory credits for the twelve months ended
5 October 31 in 2011, 2012, and 2013. Schedule JBJ-11 provides the actual
6 recovery results for the twelve-month reconciliation period ended July 31, 2012.

7 **15. Q: Please describe the LAUF Adjustment's impact on the GCR**

8 A: The adjustment is a reduction in the Deferred Fuel Balance of \$2,000,000
9 that is included in the balance on Schedule JBJ-6, Page 1 of 4. In addition a
10 related interest adjustment of \$62,901 was made as shown on Schedule JBJ-7.
11 Further discussion of the LAUF adjustment is included in Witness Brielmaier's
12 testimony.

13 **16. Q: Please describe the 2011-2012 GCR audit.**

14 A: During the 1996/1997 GCR proceeding in Docket No. 96-218F, the parties
15 agreed that Delmarva's Internal Audit Department should expand the scope of its
16 annual GCR audit, in light of the various rate design changes and margin sharing
17 mechanisms approved by the Commission in Docket No. 95-44, which were
18 implemented effective April 1, 1996. The principal concern focused on
19 determining that customer billing and the determination and sharing of margins
20 were treated in accordance with the Commission's Order and Delmarva's tariff.

21 Delmarva's Internal Auditing Department is in the process of completing
22 the audit for 2011-2012 GCR year, which includes the review of a sampling of
23 customer billing and regulatory accounting records concerning sales, gas costs, and
24 gas cost revenue. The audit procedures and results will be reviewed by Price-
25 Waterhouse-Coopers LLC for the purpose of forming an opinion on the basic
26 financial statements, taken as a whole. The final audit report concerning the 2011-

2012 GCR is scheduled to be completed and filed with the Commission before the end of October 2012.

17. Q: Please discuss the proposed change to the Gas Transportation Balancing Charge.

A: As shown on Schedule JBJ-12, the proposed balancing charge to go into effect on November 1, 2012 is a decrease from \$0.3829 per Mcf of imbalance volumes to \$0.3348 per Mcf, which is a decrease of 13%. This decrease is due to a reduction in the estimated upstream costs of balancing by \$1,128,636, or 14%, and a projected decrease in total gas deliveries of 432,274 Mcf, or 2%. The estimated upstream balancing costs are supported by Witness Giovannini. The estimated total system throughput is supported by Witness Brielmaier.

18. Q: Please summarize the GCR factors proposed for the 12-month period beginning November 1, 2012

A: The proposed GCR factors applicable to volumetric customers for the 2012/2013 GCR period are based on the following amounts:

| | <u>Commodity</u> | <u>Demand</u> | <u>Total</u> |
|---------------------------------------------------------|---------------------|-------------------------------|---------------------|
| • Estimated Firm Gas Costs for the 2012/2013 GCR period | \$54,599,418 | \$22,701,505 | \$77,300,923 |
| • Estimated Under-Recovery Position at 10/31/12 | \$12,008,315 | N/A | \$12,008,315 |
| • True-Ups and Timing Differences | (\$ 1,203,835) | \$ 219,790 | (\$ 984,045) |
| • Interest | <u>\$ 227,718</u> | <u>N/A</u> | <u>\$ 227,718</u> |
| Subtotal | \$65,631,615 | \$22,921,295 | \$88,552,911 |
| • Monthly CCR Factor Credit | - | - | - |
| • MVG/LVG DCR Factor Credit | <u>N/A</u> | <u>(\$ 462,672)</u> | <u>(\$ 462,672)</u> |
| Volumetric Expenses | \$65,631,615 | \$22,458,623 | \$88,090,239 |
| Estimated 2012/2013 GCR Period Sales Mcf | <u>12,856,057</u> | <u>12,535,199¹</u> | <u>12,856,057</u> |
| Volumetric Gas Cost Rate | <u>\$5.1051/Mcf</u> | <u>\$1.7916/Mcf</u> | <u>\$6.8967/Mcf</u> |

¹Note this total excludes MVG & LVG sales of 320,857

1 **19. Q: What are the components of the GCR?**

2 A. The GCR is comprised of the following components:

3

| | | |
|---|-------------------------|-----------------|
| 4 | Commodity Related Items | \$4.1533 |
| 5 | Demand Related Items | \$1.7916 |
| 6 | Under Recovery Balance | \$1.1074 |
| 7 | LAUF Adjustment | (\$0.1556) |
| 8 | <u>GCR</u> | <u>\$6.8967</u> |

9

10 The Commodity component is primarily composed of the cost of natural gas
11 as quoted by the NYMEX on August 13, 2012. The Demand component is the
12 per unit cost of Delmarva's transportation and storage assets. Transportation
13 assets are needed to deliver natural gas to the Delmarva's citygate for customer
14 consumption and storage assets are necessary for reliability. The Commodity and
15 Demand components are described in Witness Giovannini's testimony. The
16 Under Recovery component is the under-recovery expense carried over from the
17 prior GCR period. The LAUF component is the adjustment described by Witness
18 Brielmaier.

19 **20. Q: What would be the effect of this proposed GCR on customers' bills?**

20 A: The effect of this proposed decrease to the GCR on a residential space
21 heating customer, using 120 ccf in a winter month, would be a decrease of \$23.80
22 which is a GCR decrease of 22.3%. This results in a 14.4% decrease in a
23 customer's total bill from \$165.61 to \$141.81, summarized as follows:

24

| 25 | Base Rates | Base Rates | % |
|----|-----------------|------------------|--------|
| 26 | and Current GCR | and Proposed GCR | Change |
| 27 | \$ 59.05 | \$ 59.05 | 0% |
| 28 | \$106.56 | \$ 82.76 | -22.3% |
| 29 | \$165.61 | \$141.81 | -14.4% |
| 30 | | | |
| 31 | \$ Decrease | \$ 23.80 | |

1 Gas costs included in the proposed GCR represent approximately 58.4% of
2 the total bill amount under the proposed GCR.

3 Customers served on Service Classification GG will experience a decrease
4 on their winter bills within the ranges of a 12.7% to 16.8%. Non-Electing MVG
5 Customers will experience a decrease on their winter bills within the range of
6 22.7% to a 23.2%. LVG Customers will experience a decrease on their winter
7 bills within the ranges of 20.0% to 25.0%. The amount of the decrease will
8 depend upon their load and usage characteristics.

9 **21. Q: Please reference the tariff revisions proposed by Delmarva in this filing.**

10 **A:** Included with the application, are the following P.S.C. Del. No. 5 - Gas
11 tariff leafs, red-lined to show the modifications required by the Gas Service Tariff:

- 12 • 49th Revised Leaf No. 37
- 13 • 45th Revised Leaf No. 38
- 14 • 25th Revised Leaf No. 39

15 **22. Q: Does this conclude your pre-filed direct testimony?**

16 **A:** Yes, it does.

Delmarva Power & Light Company
Summary of Gas Cost Rate
Commodity and Demand Factors
For November 2012 Through October 2013

| <u>Description</u> | <u>RG, GG, and GL</u> | <u>Non-Electing MVG</u> | <u>Electing MVG</u> | <u>LVG</u> |
|--------------------|------------------------------|-----------------------------|---------------------------|---------------------------|
| Commodity | \$5.1051 / Mcf | \$5.1051 / Mcf | Varies | Varies |
| Demand | <u>\$1.7916 / Mcf</u> | \$11.6589 / Mcf of MDQ | \$11.6589 / Mcf of MDQ | \$11.6589 / Mcf of MDQ |
| Total GCR | <u><u>\$6.8967 / Mcf</u></u> | | | |

Delmarva Power & Light Company
Calculation of Gas Cost Rate Commodity Factors
For November 2012 Through October 2013

| Description | RG, GG, GL and Non Electing MVG (\$) | Electing MVG (\$) | LVG (\$) | Total (\$) |
|---------------------------------------------------------|-----------------------------------------------|-------------------------|---------------|-------------------|
| Estimated Under-Recovery Position @ October 31, 2012 | 12,008,315 | 0 | 0 | 12,008,315 |
| Interest Income | <u>227,718</u> | <u>0</u> | <u>0</u> | <u>227,718</u> |
| Estimated Under-Recovery Position @ November 1, 2012 | 12,236,033 | 0 | 0 | 12,236,033 |
| Demand Expense True-Up (1) | (219,790) | | | (219,790) |
| FPS Commodity True-Up | 0 | 0 | 0 | 0 |
| Proration of November 2012 GCR (2) | (984,045) | 0 | 0 | (984,045) |
| Total Estimated Firm Commodity Costs | <u>54,599,418</u> | <u>0</u> | <u>0</u> | <u>54,599,418</u> |
| Total Commodity Revenues to be Collected | 65,631,615 | 0 | 0 | 65,631,615 |
| Estimated Firm Sales | <u>12,856,057</u> | <u>0</u> | <u>0</u> | <u>12,856,057</u> |
| Commodity Cost Factor | <u>5.1051</u> | <u>Varies</u> | <u>Varies</u> | <u>N / M</u> |

N / M = Not Meaningful

Notes:

(1) See Schedule JBJ-4 for Demand Expense True-Up calculation.

(2) November 2012 revenue from RG, GG, GL, and MVG is prorated between old and new GCR, which corrects for a revenue deficit when rates are rising and a revenue surplus when rates are falling. The adjustment is calculated as follows:

| | One Half of November 2012 Sales | Proposed Rate | Current Rate | Difference | Adjustment |
|----------------------------|------------------------------------|---------------|--------------|------------|-------------|
| RR, RSH, GG, GL | 478,756 | \$6.8967 | \$8.8804 | (\$1.9837) | (\$949,708) |
| Non Electing MVG Commodity | 16,597 | \$5.1051 | \$7.1740 | (\$2.0689) | (\$34,338) |
| Total | 495,353 | | | | (\$984,045) |

Delmarva Power & Light Company
Monthly MVG and LVG Commodity Cost Factor Revenues
August 2012 Through October 2013
(15 Months Estimated)

| Description | System WACCOG (\$/Mcf) | Commodity Rate (1) (\$/Mcf) | LVG Sales (Mcf) | LVG Revenue (\$) | Electing MVG Sales (Mcf) | Electing MVG Revenue (\$) | Total Monthly CCR Revenue |
|---------------------|------------------------------|-----------------------------------|-----------------------|------------------------|-----------------------------------|------------------------------------|---------------------------------|
| August 2012 | 3.3494 | 3.4164 | 0 | 0 | 0 | 0 | 0 |
| September 2012 | 3.2291 | 3.2937 | 0 | 0 | 0 | 0 | 0 |
| October 2012 | 4.7356 | 4.8303 | 0 | 0 | 0 | 0 | 0 |
| November 2012 | 4.6320 | 4.7710 | 0 | 0 | 0 | 0 | 0 |
| December 2012 | 4.3418 | 4.4720 | 0 | 0 | 0 | 0 | 0 |
| January 2013 | 4.0338 | 4.1548 | 0 | 0 | 0 | 0 | 0 |
| February 2013 | 4.0419 | 4.1632 | 0 | 0 | 0 | 0 | 0 |
| March 2013 | 4.2984 | 4.4274 | 0 | 0 | 0 | 0 | 0 |
| April 2013 | 3.6765 | 3.7868 | 0 | 0 | 0 | 0 | 0 |
| May 2013 | 3.7510 | 3.8635 | 0 | 0 | 0 | 0 | 0 |
| June 2013 | 3.7953 | 3.9092 | 0 | 0 | 0 | 0 | 0 |
| July 2013 | 3.8693 | 3.9854 | 0 | 0 | 0 | 0 | 0 |
| August 2013 | 3.8525 | 3.9680 | 0 | 0 | 0 | 0 | 0 |
| September 2013 | 3.8312 | 3.9461 | 0 | 0 | 0 | 0 | 0 |
| October 2013 | 3.8014 | 3.9154 | 0 | 0 | 0 | 0 | 0 |
| 2012/2013 GCR Total | | | 0 | 0 | 0 | 0 | 0 |

Note:

(1) Monthly Commodity Rate is equal to the System Weighted Average Commodity Cost of Gas (WACCOG) adjusted for losses of 3.0%. It is also adjusted for the LVG and Electing MVG WACCOG True-Up of \$0.0000

Delmarva Power & Light Company
Calculation of Gas Cost Rate Demand Factors
Applicable To Non-Volumetric DCR Factor Customers
For November 2012 Through October 2013

| Description | Amount |
|-----------------------------------------------|-------------|
| Total Gas Demand Expense | 28,415,551 |
| <u>Demand Credits:</u> | |
| Off System Sales & SWAPS Margins | (1,567,669) |
| Capacity Release Margins | (1,595,350) |
| FPS Margins | 0 |
| Interruptible Gas Transportation Margins | (1,641,440) |
| Transition Charges | (515,626) |
| No Notice Swing Charges | 0 |
| Balancing Charges | (393,961) |
| Unauthorized Overrun | 0 |
| Total Demand Revenue Credits | (5,714,046) |
| Total Firm Gas Supply Demand Expense | 22,701,505 |
| Total Demand Expense True-Up | 219,790 |
| Adjusted Total Firm Gas Supply Demand Expense | 22,921,295 |

Allocation of Demand Expenses Based on Average Daily and Excess Load Factors:

| | | System | Volumetric | MVG | LVG |
|------------------------------------------|--------|------------|------------|---------|-----|
| Average Daily Load Allocation @ \$ 207.3 | 207.30 | 7,301,380 | 7,119,167 | 182,213 | 0 |
| Excess Load Allocation (1) | | 15,619,915 | 15,339,458 | 280,458 | 0 |
| Total Demand Costs to be Collected | | 22,921,295 | 22,458,625 | 462,671 | 0 |
| MVG and LVG Allocation | | \$462,671 | | | |
| MVG & LVG Forecast MDQ (mcf) | | 3,307 | | | |
| Annual Demand Rate (Per MCF of MDQ) | | \$ 139.91 | | | |
| Monthly Demand Rate (Per MCF of MDQ) | | \$ 11.6589 | | | |

Note:

(1) Excess load allocation is based on ratio of Excess loads by class to the total for all classes.
Design Day, Average Daily, and Excess Loads, in MCF, are as follows:

| | Design Day | Average Daily | Excess |
|------------|------------|---------------|---------|
| MVG | 3,307 | 879 | 2,428 |
| LVG | 0 | 0 | 0 |
| Volumetric | 167,141 | 34,343 | 132,798 |

Delmarva Power & Light Company
MVG & LVG Demand Factor Revenues
August 2012 Through October 2013
(15 Months Estimated)

| | |
|--------------------------------------------------|---------|
| 2011/2012 GCR Period Monthly Demand Rate, \$/Mcf | 11.0936 |
| Proposed Monthly Demand Rate, \$/Mcf | 11.6589 |

| Description | MVG Contract MDQ Mcf | MVG Revenue \$ | LVG Contract MDQ Mcf | LVG Revenue \$ | Total Revenue \$ |
|---------------------|----------------------------|----------------------|----------------------------|----------------------|------------------------|
| August 2012 | 3,978 | 44,130 | 581 | 6,445 | 50,575 |
| September | 3,978 | 44,130 | 581 | 6,445 | 50,575 |
| October 2012 | 3,978 | 44,130 | 581 | 6,445 | 50,575 |
| November 2012 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| December 2012 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| January 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| February 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| March 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| April 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| May 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| June 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| July 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| August 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| September 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| October 2013 | 3,307 | 38,556 | 0 | 0 | 38,556 |
| 2012/2013 GCR Total | | 462,672 | | 0 | 462,672 |

Delmarva Power & Light Company
Calculation of Gas Cost Rate Demand Factors
Applicable To Volumetric DCR Customers
For November 2012 Through October 2013

| <u>Description</u> | <u>RG, GG, and GL</u> |
|--------------------------------------------------------|-----------------------|
| Total Firm Gas Demand Expense | \$ 22,701,505 |
| FPS Margin True-Up | 0 |
| Demand Expense True-Up | <u>219,790</u> |
| Total Recoverable Gas Expenses | <u>\$22,921,295</u> |
| MVG Demand Credit | (462,672) |
| LVG Demand Credit | <u>0</u> |
| Total Demand Credits | <u>\$ (462,672)</u> |
| Demand Revenue collections - RG, GG, GL | \$ 22,458,623 |
| Estimated Firm Volumetric Sales (Mcf) | <u>12,535,199</u> |
| Demand Factor to be Collected in GCR Volumetrically | <u>\$1.7916 / Mcf</u> |

Delmarva Power & Light Company
Capacity Release & Off System Sales
For July 2011 Through October 2013

| Month | Capacity Release Revenue | Off-System Sales Revenue | Off-System Sales Expenses | Off-System Sales Margins | Total Margins | Accumulated Margins | Margins Shared | Percentage of Margins Shared |
|--------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|------------------|------------------------|-------------------|------------------------------------|
| Jul-11 | 341,579 | 2,321,893 | 2,219,911 | 101,982 | 443,562 | 443,562 | 443,562 | 100.00% |
| Aug-11 | 318,959 | 4,212,980 | 4,110,312 | 102,667 | 421,626 | 865,188 | 421,626 | 100.00% |
| Sep-11 | 346,204 | 2,680,951 | 2,625,497 | 55,454 | 401,658 | 1,266,846 | 401,658 | 100.00% |
| Oct-11 | 334,821 | 2,796,236 | 2,725,261 | 70,976 | 405,797 | 1,672,643 | 405,797 | 100.00% |
| Nov-11 | 503,223 | 3,175,227 | 3,044,471 | 130,756 | 633,980 | 2,306,622 | 633,980 | 100.00% |
| Dec-11 | 554,096 | 3,791,285 | 3,307,018 | 484,267 | 1,038,364 | 3,344,986 | 968,793 | 93.30% |
| Jan-12 | 536,526 | 2,488,347 | 2,089,733 | 398,614 | 935,140 | 4,280,126 | 748,112 | 80.00% |
| Feb-12 | 501,911 | 1,931,614 | 1,768,968 | 162,646 | 664,557 | 4,944,683 | 531,646 | 80.00% |
| Mar-12 | 528,839 | 1,920,057 | 1,871,086 | 48,971 | 577,810 | 5,522,493 | 462,248 | 80.00% |
| Apr-12 | 169,793 | 1,117,976 | 1,074,994 | 42,982 | 212,775 | 5,735,267 | 170,220 | 80.00% |
| May-12 | 174,227 | 1,339,829 | 1,305,924 | 33,905 | 208,132 | 5,943,399 | 166,505 | 80.00% |
| Jun-12 | 201,815 | 1,217,269 | 1,176,079 | 41,190 | 243,004 | 6,186,403 | 194,403 | 80.00% |
| Jul-12 | 208,248 | 2,731,122 | 2,643,898 | 87,223 | 295,472 | 295,472 | 295,472 | 100.00% |
| Aug-12 | 307,000 | 70,000 | 0 | 70,000 | 377,000 | 672,472 | 377,000 | 100.00% |
| Sep-12 | 307,000 | 70,000 | 0 | 70,000 | 377,000 | 1,049,472 | 377,000 | 100.00% |
| Oct-12 | 307,000 | 70,000 | 0 | 70,000 | 377,000 | 1,426,472 | 377,000 | 100.00% |
| Nov-12 | 120,000 | 110,238 | 0 | 110,238 | 230,238 | 1,656,710 | 230,238 | 100.00% |
| Dec-12 | 147,250 | 351,095 | 0 | 351,095 | 498,345 | 2,155,055 | 498,345 | 100.00% |
| Jan-13 | 147,250 | 238,612 | 0 | 238,612 | 385,862 | 2,540,917 | 385,862 | 100.00% |
| Feb-13 | 133,000 | 116,787 | 0 | 116,787 | 249,787 | 2,790,704 | 249,787 | 100.00% |
| Mar-13 | 147,250 | 114,792 | 0 | 114,792 | 262,042 | 3,052,746 | 209,633 | 80.00% |
| Apr-13 | 142,500 | 60,592 | 0 | 60,592 | 203,092 | 3,255,838 | 162,473 | 80.00% |
| May-13 | 147,250 | 110,557 | 0 | 110,557 | 257,807 | 3,513,645 | 206,246 | 80.00% |
| Jun-13 | 142,500 | 128,171 | 0 | 128,171 | 270,671 | 3,784,316 | 216,537 | 80.00% |
| Jul-13 | 147,250 | 90,505 | 0 | 90,505 | 237,755 | 237,755 | 237,755 | 100.00% |
| Aug-13 | 147,250 | 90,591 | 0 | 90,591 | 237,841 | 475,596 | 237,841 | 100.00% |
| Sep-13 | 142,500 | 98,602 | 0 | 98,602 | 241,102 | 716,698 | 241,102 | 100.00% |
| Oct-13 | 147,250 | 139,950 | 0 | 139,950 | 287,200 | 1,003,897 | 287,200 | 100.00% |

Delmarva Power & Light Company
Allocation of Firm Commodity and Demand Expenses
For November 2012 Through October 2013
12 Months Estimated

| Description | 2013 | | | | | | | | | | | | Total |
|------------------------------------------|-----------|-----------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | November | December | January | February | March | April | May | June | July | August | September | October | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>Allocation of Commodity Expenses:</u> | | | | | | | | | | | | | |
| LVG Commodity Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Electing MVG Commodity Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Monthly CCR Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Annual CCR Expenses | 6,103,311 | 9,331,043 | 11,375,775 | 10,148,620 | 8,189,374 | 3,690,192 | 1,291,092 | 602,208 | 678,640 | 687,568 | 838,497 | 1,663,099 | 54,599,418 |
| Total Firm Commodity Expenses | 6,103,311 | 9,331,043 | 11,375,775 | 10,148,620 | 8,189,374 | 3,690,192 | 1,291,092 | 602,208 | 678,640 | 687,568 | 838,497 | 1,663,099 | 54,599,418 |
| <u>Allocation of Demand Expenses:</u> | | | | | | | | | | | | | |
| MVG Demand Expenses | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 462,672 |
| LVG Demand Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non-Volumetric DCR Expenses | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 38,556 | 462,672 |
| Total Volumetric DCR Expenses | 1,902,612 | 1,727,450 | 1,803,377 | 1,780,571 | 2,000,282 | 1,897,097 | 1,879,092 | 1,854,965 | 1,881,596 | 1,862,348 | 1,807,843 | 1,841,600 | 22,238,833 |
| Total Firm Demand Expenses | 1,941,168 | 1,766,006 | 1,841,933 | 1,819,127 | 2,038,838 | 1,935,653 | 1,917,648 | 1,893,521 | 1,920,152 | 1,900,904 | 1,846,399 | 1,880,156 | 22,701,505 |

Delmarva Power and Light Company
Comparison of Actual Gas Demand Costs to
Estimated Gas Demand Costs
For Delmarva Firm Gas Operations For the Period
For August 2011 Through October 2012

| Description | Demand Expense | | Monthly Variance | Cumulative Variance | Interest Expense (3) | Demand Costs True - Up |
|----------------|----------------|---------------|---------------------|------------------------|-------------------------|---------------------------|
| | Actual (1) | Estimated (2) | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| August 2011 | 2,502,691 | 2,482,401 | 20,290 | 20,290 | 55 | 20,345 |
| September 2011 | 2,448,127 | 2,431,850 | 16,277 | 36,567 | 99 | 16,376 |
| October 2011 | 2,551,066 | 2,529,051 | 22,015 | 58,583 | 159 | 22,174 |
| November 2011 | 2,475,855 | 2,482,970 | (7,115) | 51,468 | 139 | (6,975) |
| December 2011 | 2,444,986 | 2,325,629 | 119,357 | 170,825 | 463 | 119,820 |
| January 2012 | 2,499,917 | 2,358,570 | 141,347 | 312,172 | 846 | 142,193 |
| February 2012 | 2,336,668 | 2,381,459 | (44,791) | 267,381 | 724 | (44,066) |
| March 2012 | 2,335,339 | 2,473,838 | (138,499) | 128,882 | 349 | (138,150) |
| April 2012 | 2,350,929 | 2,346,653 | 4,277 | 133,159 | 361 | 4,638 |
| May 2012 | 2,393,706 | 2,386,059 | 7,647 | 140,806 | 381 | 8,028 |
| June 2012 | 2,335,490 | 2,335,548 | (58) | 140,748 | 381 | 323 |
| July 2012 | 2,334,138 | 2,386,059 | (51,921) | 88,827 | 241 | (51,680) |
| August 2012 | 2,400,292 | 2,386,059 | 14,232 | 103,059 | 279 | 14,512 |
| September 2012 | 2,431,850 | 2,335,548 | 96,302 | 199,361 | 540 | 96,842 |
| October 2012 | 2,447,542 | 2,432,709 | 14,832 | 214,194 | 580 | 15,413 |
| Total | 36,288,595 | 36,074,401 | 214,194 | 214,194 | 5,596 | 219,790 |

Notes:

- (1) The Months August 2012 through October 2012 in the column titled "Actuals" are based on the Company's estimates from the August 2012 GCR filing.
- (2) Estimated Demand Expenses for the period August 2012 through October 2012 are based on projections from the August 2011 GCR filing.
- (3) Interest expense for August 2011 and September 2011 is based on the FERC Refund Interest Rate of 3.25% applied to the cumulative monthly variance.
- Interest expense for October 2011 through December 2011 is based on the FERC Refund Interest Rate of 3.25% applied to the cumulative monthly variance.
- Interest expense for January 2012 through March 2012 is based on the FERC Refund Interest Rate of 3.25% applied to the cumulative monthly variance.
- Interest expense for April 2012 through June 2012 is based on the FERC Refund Interest Rate of 3.25% applied to the cumulative monthly variance.
- Interest expense for July 2012 through October 2012 is based on the FERC Refund Interest Rate of 3.25% applied to the cumulative monthly variance.

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
For November 2012 Through October 2013
12 Months Estimated

| <u>Billing Month</u> | <u>Firm Sales</u> (Mcf) | <u>Total GCR</u> <u>Revenue</u> (<u>\$</u>) | <u>Total</u> <u>Gas Cost</u> (<u>\$</u>) | <u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> (<u>\$</u>) | <u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> (<u>\$</u>) | <u>% (Over)</u> <u>or Under</u> <u>Recovery</u> (<u>%</u>) |
|----------------------------------------------------|----------------------------|-----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Estimated Deferred Fuel Balance @ October 31, 2012 | | | | | 12,008,315 | |
| Estimated Interest Expense | | | | | 227,718 | |
| Estimated Deferred Fuel Balance @ November 1, 2012 | | | | | 12,236,033 | |
| November 2012 | 990,705 | 7,795,773 | 8,044,480 | 248,707 | 12,484,739 | |
| December 2012 | 1,728,431 | 11,882,415 | 11,097,048 | (785,367) | 11,699,373 | |
| January 2013 | 2,408,068 | 16,562,648 | 13,217,708 | (3,344,940) | 8,354,433 | |
| February 2013 | 2,428,057 | 16,700,286 | 11,967,748 | (4,732,538) | 3,621,894 | |
| March 2013 | 2,038,742 | 14,022,913 | 10,228,212 | (3,794,701) | (172,807) | |
| April 2013 | 1,322,305 | 9,131,748 | 5,625,845 | (3,505,903) | (3,678,710) | |
| May 2013 | 657,110 | 4,521,573 | 3,208,739 | (1,312,834) | (4,991,543) | |
| June 2013 | 318,458 | 2,214,717 | 2,495,729 | 281,012 | (4,710,531) | |
| July 2013 | 218,711 | 1,533,022 | 2,598,792 | 1,065,770 | (3,644,762) | |
| August 2013 | 188,135 | 1,301,188 | 2,588,472 | 1,287,284 | (2,357,478) | |
| September 2013 | 204,537 | 1,413,695 | 2,684,896 | 1,271,201 | (1,086,277) | |
| October 2013 | 352,799 | 2,456,308 | 3,543,254 | 1,086,946 | 670 | 0.0% |
| Total | <u>12,856,057</u> | <u>89,536,286</u> | <u>77,300,923</u> | <u>(12,235,363)</u> | | |

Notes:

- (1) November 2012 through October 2013 Fuel Revenue is based on GCR of \$6.8967 / Mcf .
- (2) Estimated Gas Cost Expenses and WACCOGs are based on the August 13, 2012 NYMEX closing prices.

Delmarva Power & Light Company
Development of Annual Commodity and Demand Expenses
For November 2012 Through October 2013
12 Months Estimated

| Description | 2012 | | | | | | | | | | | | Total \$ |
|----------------------------------|-----------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | November | December | January | February | March | April | May | June | July | August | September | October | |
| Total Gas Supply Expense | 8,498,519 | 11,786,161 | 13,832,456 | 12,454,291 | 10,638,932 | 6,005,361 | 3,650,456 | 2,910,110 | 3,036,254 | 3,046,061 | 3,146,248 | 4,051,229 | 83,056,079 |
| Total Gas Commodity Expense | 6,106,151 | 9,334,428 | 11,380,723 | 10,155,234 | 8,195,955 | 3,695,073 | 1,294,046 | 604,164 | 679,844 | 689,650 | 840,302 | 1,664,959 | 54,640,528 |
| Commodity Credits: | | | | | | | | | | | | | |
| Off System Sales - Fuel Cost (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Outs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Company Use Gas | (2,840) | (3,385) | (4,948) | (6,614) | (6,581) | (4,881) | (2,954) | (1,956) | (1,204) | (2,082) | (1,805) | (1,860) | (41,110) |
| Total Commodity Fuel Credits | (2,840) | (3,385) | (4,948) | (6,614) | (6,581) | (4,881) | (2,954) | (1,956) | (1,204) | (2,082) | (1,805) | (1,860) | (41,110) |
| Total Firm Commodity Cost of Gas | 6,103,311 | 9,331,043 | 11,375,775 | 10,148,620 | 8,189,374 | 3,690,192 | 1,291,092 | 602,208 | 678,640 | 687,568 | 838,497 | 1,663,099 | 54,599,418 |
| Total Gas Demand Expense | 2,392,368 | 2,451,734 | 2,451,734 | 2,299,057 | 2,442,978 | 2,310,288 | 2,356,411 | 2,305,946 | 2,356,411 | 2,356,411 | 2,305,946 | 2,386,271 | 28,415,551 |
| Demand Credits (% varies) | | | | | | | | | | | | | |
| Off-System Sales & Swaps | (110,238) | (351,095) | (238,612) | (116,787) | (91,833) | (48,473) | (88,446) | (102,537) | (90,505) | (90,591) | (98,602) | (139,950) | (1,567,669) |
| Capacity Release | (120,000) | (147,250) | (147,250) | (133,000) | (117,800) | (114,000) | (117,800) | (114,000) | (147,250) | (147,250) | (142,500) | (147,250) | (1,595,350) |
| Interruptible Gas Transportation | (154,995) | (142,153) | (173,624) | (156,349) | (114,734) | (131,960) | (119,030) | (105,126) | (120,988) | (140,151) | (140,930) | (141,400) | (1,641,440) |
| Subtotal | (385,233) | (640,498) | (559,486) | (406,136) | (324,367) | (294,433) | (325,276) | (321,663) | (358,743) | (377,992) | (382,032) | (428,600) | (4,804,459) |
| Demand Credits @ 100% | | | | | | | | | | | | | |
| Transition Charges | (33,136) | (12,400) | (17,484) | (40,963) | (46,942) | (47,372) | (80,657) | (57,932) | (44,685) | (44,685) | (44,685) | (44,685) | (515,626) |
| No-Notice Swing Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balancing Charges | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (32,830) | (393,961) |
| Unauthorized Overrun | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | (65,966) | (45,230) | (50,314) | (73,793) | (79,772) | (80,202) | (113,487) | (90,762) | (77,515) | (77,515) | (77,515) | (77,515) | (909,587) |
| Total Demand Credits | (451,199) | (685,728) | (609,801) | (479,929) | (404,140) | (374,635) | (438,763) | (412,425) | (436,258) | (455,507) | (459,547) | (506,115) | (5,714,046) |
| Total Firm Demand Expenses | 1,941,168 | 1,766,006 | 1,841,933 | 1,819,127 | 2,038,838 | 1,935,653 | 1,917,648 | 1,893,521 | 1,920,152 | 1,900,904 | 1,846,399 | 1,880,156 | 22,701,505 |
| Total Firm Gas Expenses | 8,044,480 | 11,097,048 | 13,217,708 | 11,967,748 | 10,228,212 | 5,625,845 | 3,208,739 | 2,495,729 | 2,598,792 | 2,588,472 | 2,684,896 | 3,543,254 | 77,300,923 |

Note: (1) The Cost of Fuel for Off-System Sales and Cash-Outs have not been included in the estimated Commodity Expenses shown on this Schedule and therefore does not require removal.

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
For November 2011 Through October 2012
9 Months Actual, 3 Months Updated Estimates

| <u>Billing Month</u> | <u>Firm Sales</u> Mcf | <u>Total Gas Cost Recovery</u> (\$) | <u>Total Gas Cost</u> (\$) | <u>(Over) or Under Recovery Monthly</u> (\$) | <u>Deferred Fuel Balance YTD</u> (\$) | <u>% (Over) or Under Recovery</u> (%) |
|---------------------------------------------------|--------------------------|----------------------------------------|-------------------------------|-------------------------------------------------|------------------------------------------|------------------------------------------|
| Deferred Fuel Balance @ October 31, 2011 | | | | | 21,877,733 | |
| Interest Expense | | | | | 403,252 | |
| Adjusted Deferred Fuel Balance @ November 1, 2011 | | | | | 22,280,985 | |
| November 2011 | 784,454 | 7,173,575 | 9,223,195 | 2,049,620 | 24,330,605 | |
| December 2011 | 1,208,108 | 10,704,732 | 11,629,717 | 924,984 | 25,255,589 | |
| January 2012 | 1,997,486 | 17,692,861 | 12,711,044 | (4,981,816) | 20,273,773 | |
| February 2012 | 1,766,229 | 15,618,151 | 10,637,683 | (4,980,468) | 15,293,305 | |
| March 2012 | 1,397,842 | 12,408,482 | 7,769,920 | (4,638,562) | 10,654,743 | |
| April 2012 | 774,284 | 6,876,763 | 5,373,246 | (1,503,518) | 9,151,225 | |
| May 2012 | 516,682 | 4,589,382 | 4,535,266 | (54,116) | 9,097,109 | |
| June 2012 | 282,219 | 2,523,593 | 3,747,225 | 1,223,632 | 8,320,738 | |
| July 2012 | 246,476 | 2,209,245 | 3,078,234 | 868,989 | 9,189,727 | |
| August 2012 | 215,844 | 1,957,552 | 2,382,344 | 424,792 | 9,614,519 | |
| September 2012 | 232,257 | 2,101,931 | 4,605,032 | 2,503,101 | 12,117,620 | |
| October 2012 | 393,179 | 3,524,720 | 3,415,415 | (109,305) | 12,008,315 | 15.2% |
| Total | <u>9,815,061</u> | <u>87,380,987</u> | <u>79,108,320</u> | <u>(8,272,667)</u> | | |

Notes:

- (1) November 1, 2011 through October 31, 2012 Fuel Revenue is based on GCR of \$8.8804/Mcf as approved by Order No. 8040 in Docket No. 11-381F dated September 11, 2011.
- (2) Estimated Gas Cost Expenses and WACCOGs are based on the August 13, 2012 NYMEX closing prices.
- (3) Balance includes \$(2,000,000) Loss and Unaccounted For Gas adjustment

Delmarva Power & Light Company
Development of Annual Commodity and Demand Expenses
For November 2011 Through October 2012
9 Months Actual, 3 Months Updated Estimates

| Description | 2011 | | 2012 | | | | | | | | | | Total |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|--------------|
| | November | December | January | February | March | April | May | June | July | August | September | October | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Total Gas Supply Expense | 13,025,003 | 16,015,358 | 15,669,937 | 13,104,025 | 10,239,944 | 6,749,665 | 6,164,880 | 5,263,241 | 6,134,213 | 2,958,007 | 5,182,976 | 3,995,425 | 104,502,675 |
| Total Gas Commodity Expense | 10,549,148 | 13,570,372 | 13,170,020 | 10,767,357 | 7,904,605 | 4,398,736 | 3,771,174 | 2,927,751 | 3,800,075 | 557,715 | 2,751,127 | 1,547,883 | 75,715,964 |
| Fuel Credits: | | | | | | | | | | | | | |
| FPS Gas - Fuel Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Off System Sales - Fuel Cost (1) | (3,044,471) | (3,307,018) | (2,089,733) | (1,768,968) | (1,871,086) | (1,074,994) | (1,305,924) | (1,176,079) | (2,643,898) | 0 | 0 | 0 | (18,282,171) |
| Cash Outs | (16) | (958) | 0 | (2,001) | (314) | 0 | (7) | 0 | (345) | 0 | 0 | 0 | (3,640) |
| Company Use Gas | (3,768) | (3,483) | (3,509) | (3,837) | (10,570) | (5,830) | (5,174) | (4,047) | (2,680) | (1,876) | (1,453) | (2,377) | (48,603) |
| Total Fuel Credits | (3,048,255) | (3,311,458) | (2,093,241) | (1,774,806) | (1,881,970) | (1,080,824) | (1,311,104) | (1,180,126) | (2,646,924) | (1,876) | (1,453) | (2,377) | (18,334,414) |
| Total Gas Commodity Expense | 7,500,894 | 10,258,914 | 11,076,779 | 8,992,551 | 6,022,635 | 3,317,911 | 2,460,070 | 1,747,625 | 1,153,151 | 555,839 | 2,749,674 | 1,545,506 | 57,381,549 |
| Total Gas Demand Expense | 2,475,855 | 2,444,986 | 2,499,917 | 2,336,668 | 2,335,339 | 2,350,929 | 2,393,706 | 2,335,490 | 2,334,138 | 2,400,292 | 2,431,850 | 2,447,542 | 28,786,711 |
| Demand Credits (% varies) | | | | | | | | | | | | | |
| Off-System Sales & Swaps | (130,756) | (451,822) | (318,891) | (130,117) | (39,177) | (34,385) | (27,124) | (32,952) | (87,223) | (70,000) | (70,000) | (70,000) | (1,462,448) |
| Capacity Release | (503,223) | (516,972) | (429,221) | (401,529) | (423,071) | (135,834) | (139,381) | (161,452) | (208,248) | (307,000) | (307,000) | (307,000) | (3,839,931) |
| FPS Margins | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Gas Transportation | (53,348) | (54,564) | (57,353) | (48,852) | (39,674) | (46,068) | (46,820) | (51,208) | (44,530) | (133,478) | (134,218) | (134,667) | (844,780) |
| Subtotal | (687,328) | (1,023,357) | (805,465) | (580,498) | (501,922) | (216,288) | (213,325) | (245,611) | (340,002) | (510,478) | (511,218) | (511,667) | (6,147,158) |
| Demand Credits @ 100 % | | | | | | | | | | | | | |
| Transition Charges | (33,136) | (12,400) | (17,484) | (40,963) | (46,942) | (47,372) | (80,657) | (57,932) | (44,685) | (30,479) | (32,443) | (33,136) | (477,629) |
| Balancing Charges | (32,990) | (38,366) | (41,983) | (34,935) | (39,189) | (31,594) | (24,528) | (32,347) | (24,368) | (32,830) | (32,830) | (32,830) | (398,791) |
| No Notice Swing Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unauthorized Overrun | (100) | (60) | (720) | (35,140) | 0 | (340) | 0 | 0 | 0 | 0 | 0 | 0 | (36,360) |
| Total Demand Credits | (753,553) | (1,074,183) | (865,651) | (691,536) | (588,053) | (295,594) | (318,510) | (335,890) | (409,055) | (573,787) | (576,491) | (577,633) | (7,059,938) |
| Total Firm Demand Expenses | 1,722,301 | 1,370,803 | 1,634,266 | 1,645,132 | 1,747,286 | 2,055,336 | 2,075,196 | 1,999,599 | 1,925,083 | 1,826,504 | 1,855,358 | 1,869,908 | 21,726,773 |
| Total Firm Gas Expenses | 9,223,195 | 11,629,717 | 12,711,044 | 10,637,683 | 7,769,921 | 5,373,247 | 4,535,266 | 3,747,225 | 3,078,234 | 2,382,344 | 4,605,032 | 3,415,415 | 79,108,322 |

Note: (1) The Cost of Fuel for Off-System Sales and Cash-Outs have not been included in the estimated Commodity Expenses shown on this Schedule and therefore does not require removal.

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
For November 2010 Through October 2011
12 Months Actual

| <u>Billing Month</u> | <u>Firm Sales</u> (Mcf) | <u>Total GCR</u> <u>Revenue</u> (<u>\$</u>) | <u>Total</u> <u>Gas Cost</u> (<u>\$</u>) | <u>IMU</u> <u>Adjustment</u> | <u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> (<u>\$</u>) | <u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> (<u>\$</u>) | <u>% (Over)</u> <u>or Under</u> <u>Recovery</u> (<u>%</u>) |
|-----------------------------------------------------------------------|----------------------------|-----------------------------------------------------|--------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Deferred Fuel Balance Including FPS WACCOG True-Up @ October 31, 2010 | | | | | | 26,639,531 | |
| FPS WACCOG True Up | | | | | | 0 | |
| Interest Expense | | | | | | 348,129 | |
| Deferred Fuel Balance @ November 2010 | | | | | | <u>26,987,660</u> | |
| November 2010 | 731,978 | 6,843,712 | 10,474,959 | | 3,631,247 | 30,618,907 | |
| December 2010 | 1,742,137 | 16,356,458 | 18,308,645 | | 1,952,187 | 32,571,095 | |
| January 2011 | 2,800,080 | 26,254,410 | 18,499,114 | | (7,755,295) | 24,815,800 | |
| February 2011 | 2,435,948 | 22,816,385 | 14,532,342 | | (8,284,043) | 16,531,757 | |
| March 2011 | 1,857,930 | 17,412,447 | 12,661,095 | (529,504) | (5,280,856) | 11,250,901 | |
| April 2011 | 1,269,570 | 11,906,429 | 7,175,444 | (395) | (4,731,380) | 6,519,521 | |
| May 2011 | 546,089 | 5,144,941 | 5,273,277 | 1,301 | 129,637 | 6,649,158 | |
| June 2011 | 303,611 | 2,879,160 | 4,831,033 | (1,766) | 1,950,107 | 8,599,265 | |
| July 2011 | 248,905 | 2,369,949 | 4,848,659 | 274 | 2,478,984 | 11,078,249 | |
| August 2011 | 226,871 | 2,167,661 | 4,833,321 | | 2,665,660 | 13,743,909 | |
| September 2011 | 267,580 | 2,530,676 | 5,005,490 | | 2,474,813 | 16,218,722 | |
| October 2011 | <u>333,803</u> | <u>3,171,099</u> | <u>6,483,164</u> | | <u>3,312,064</u> | <u>19,530,787</u> | <u>17.3%</u> |
| Total | <u>12,764,502</u> | <u>119,853,325</u> | <u>112,926,542</u> | <u>(530,090)</u> | <u>(7,456,873)</u> | | |

Notes:

- (1) November 1, 2010 through October 31, 2011 Fuel Revenue is based on GCR of \$9.4042 Mcf as approved by Order No. 7848 in Docket No. 10-295F dated October 4, 2010
- (2) Estimated Gas Cost Expenses and WACCOGs are based on August 19, 2010 NYMEX closing prices.
- (3) Gas IMU adjustment related to Oct 10 - Mar 11

Delmarva Power & Light Company
Development of Annual Commodity and Demand Expenses
For November 2010 Through October 2011
12 Months Actual

| Description | 2011 | | | | | | | | | | | | Total \$ |
|-----------------------------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | November | December | January | February | March | April | May | June | July | August | September | October | |
| Total Gas Supply Expense | 12,848,389 | 19,666,220 | 20,974,661 | 18,024,962 | 16,766,847 | 11,497,293 | 8,722,785 | 9,163,141 | 7,585,577 | 9,495,415 | 8,160,041 | 9,753,762 | 152,659,092 |
| Total Gas Commodity Expense | 10,443,011 | 17,196,745 | 18,520,843 | 15,722,597 | 14,339,799 | 9,067,767 | 6,309,737 | 6,756,176 | 5,124,014 | 6,992,724 | 5,711,914 | 7,202,695 | 123,387,823 |
| Commodity Credits: | | | | | | | | | | | | | |
| Flexibly Priced Sales - Fuel Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (502) | 0 | 0 | 0 | (502) |
| Off System Sales - Fuel Cost | (1,740,421) | (499,574) | (1,293,945) | (2,642,254) | (3,284,876) | (3,832,588) | (2,994,721) | (3,834,864) | (2,219,911) | (4,110,312) | (2,625,497) | (2,725,261) | (31,804,223) |
| Cash Out Sales | (11,624) | (15) | 0 | 0 | (57) | 0 | (5) | (30,966) | 30,941 | 0 | (5,278) | (7,327) | (24,330) |
| Company Use Gas | (5,295) | (4,904) | (2,696) | (5,109) | (20,545) | (12,027) | (9,271) | (7,857) | (3,667) | (3,677) | (2,874) | (3,782) | (81,704) |
| Total Commodity Fuel Credits | (1,757,341) | (504,493) | (1,296,641) | (2,647,363) | (3,305,478) | (3,844,614) | (3,003,996) | (3,873,686) | (2,193,139) | (4,113,989) | (2,633,649) | (2,736,370) | (31,910,759) |
| Total Firm Commodity Cost of Gas | 8,685,671 | 16,692,251 | 17,224,002 | 13,075,234 | 11,034,321 | 5,223,152 | 3,305,741 | 2,882,490 | 2,930,876 | 2,878,734 | 3,078,266 | 4,466,326 | 91,477,063 |
| Total Gas Demand Expense | 2,405,377 | 2,469,476 | 2,454,018 | 2,302,364 | 2,427,048 | 2,429,526 | 2,413,048 | 2,406,965 | 2,461,562 | 2,502,691 | 2,448,127 | 2,551,066 | 29,271,269 |
| Demand Credits @ 80 % | | | | | | | | | | | | | |
| Off-System Sales & Swaps | (79,269) | (439,704) | (633,239) | (429,226) | (157,392) | (108,008) | (61,821) | (108,050) | (101,982) | (102,667) | (55,454) | (70,976) | (2,347,788) |
| Capacity Release | (427,948) | (279,624) | (414,444) | (305,617) | (314,756) | (248,132) | (264,350) | (237,985) | (341,579) | (318,959) | (346,204) | (334,821) | (3,834,421) |
| FPS Margins | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42 | 0 | 0 | 0 | 42 |
| Interruptible Gas Transportation | (73,222) | (65,067) | (67,231) | (55,808) | (65,271) | (58,054) | (64,800) | (49,862) | (54,096) | (64,195) | (57,070) | (63,173) | (737,849) |
| Subtotal | (580,439) | (784,395) | (1,114,915) | (790,651) | (537,419) | (414,194) | (390,971) | (395,898) | (497,616) | (485,821) | (458,728) | (468,970) | (6,920,015) |
| Demand Credits @ 100% | | | | | | | | | | | | | |
| IT Surcharges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transition Charges | (6,098) | (26,221) | (26,026) | (27,951) | (228,055) | (28,470) | (28,892) | (29,661) | (28,649) | (30,479) | (32,443) | (33,136) | (526,079) |
| NO-Notice Swing Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (10) | 0 | 0 | 0 | (10) |
| Balancing Charges | (29,552) | (42,466) | (37,965) | (26,655) | (34,800) | (34,571) | (25,650) | (32,864) | (17,505) | (31,804) | (29,732) | (32,124) | (375,688) |
| Unauthorized Overrun | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | (35,650) | (68,687) | (63,991) | (54,606) | (262,855) | (63,041) | (54,542) | (62,525) | (46,163) | (62,284) | (62,176) | (65,259) | (901,777) |
| Total Demand Credits | (616,089) | (853,082) | (1,178,906) | (845,257) | (800,274) | (477,235) | (445,512) | (458,423) | (543,779) | (548,105) | (520,903) | (534,229) | (7,821,792) |
| Total Firm Demand Expenses | 1,789,289 | 1,616,394 | 1,275,113 | 1,457,108 | 1,626,774 | 1,952,292 | 1,967,536 | 1,948,542 | 1,917,784 | 1,954,587 | 1,927,224 | 2,016,837 | 21,449,477 |
| | 10,474,959 | 18,308,645 | 18,499,114 | 14,532,342 | 12,661,095 | 7,175,444 | 5,273,277 | 4,831,032 | 4,848,659 | 4,833,321 | 5,005,490 | 6,483,163 | 112,926,540 |

Delmarva Power & Light Company

Interest Calculation

For November 2011 Through October 2012

9 Months Actual, 3 Months Updated Estimates

| Month | Beginning Balance (\$) | Ending Balance (\$) | Average Balance (\$) | Average Balance Within Band (\$) | Interest (1) (2) | | Total Interest (\$) |
|---------------------------------------------------------------------|------------------------------|---------------------------|----------------------------|-------------------------------------------|---------------------------|------------------|---------------------------|
| | | | | | Excess Balance (\$) | Interest (\$) | |
| November 2011 | 22,280,985 | 24,330,605 | 23,305,795 | 23,305,795 | 0 | 0 | 63,120 |
| December 2011 | 24,330,605 | 25,255,589 | 24,793,097 | 24,793,097 | 0 | 0 | 67,148 |
| January 2012 | 25,255,589 | 20,273,773 | 22,764,681 | 22,764,681 | 0 | 0 | 61,654 |
| February 2012 | 20,273,773 | 15,293,305 | 17,783,539 | 17,783,539 | 0 | 0 | 48,164 |
| March 2012 | 15,293,305 | 10,654,743 | 12,974,024 | 12,974,024 | 0 | 0 | 35,138 |
| April 2012 | 10,654,743 | 9,151,225 | 9,902,984 | 9,902,984 | 0 | 0 | 26,821 |
| May 2012 | 9,151,225 | 9,097,107 | 9,124,166 | 9,124,166 | 0 | 0 | 24,711 |
| June 2012 | 9,097,107 | 8,320,738 | 8,708,923 | 8,708,923 | 0 | 0 | 23,587 |
| July 2012 | 8,320,738 | 9,189,727 | 8,755,233 | 8,755,233 | 0 | 0 | 23,712 |
| August 2012 | 9,189,727 | 9,614,519 | 9,402,123 | 9,402,123 | 0 | 0 | 25,464 |
| September 2012 | 9,614,519 | 12,117,620 | 10,866,069 | 10,866,069 | 0 | 0 | 29,429 |
| October 2012 | 12,117,620 | 12,008,315 | 12,062,967 | 12,062,967 | 0 | 0 | 32,671 |
| (Adjustment to interest per settlement stipulation in 10-295F) | | | | | | | 461,619 |
| Total Interest Expense From 11/1/11 to 10/31/12 | | | | | | | (171,000) |
| (Adjustment to interest for Loss and Unaccounted For Gas adjustment | | | | | | | 290,619 |
| Total Adjusted Interest Expense | | | | | | | (62,901) |
| | | | | | | | 227,718 |

Notes:

- (1) Average deferred fuel balance interest band is 4 - 1/2% of \$79,108,320 or \$3,559,874
(2) Effective March 1, 1999, the interest rate on both over- and under-recoveries is the FERC Natural Gas Interest Factor, which is as follows:

| | | | |
|-----------------|-------|-----------------|-------|
| Nov & Dec, 2011 | 3.25% | Jan - Mar, 2012 | 3.25% |
| Apr - Jun, 2012 | 3.25% | Jul - Oct, 2012 | 3.25% |

Delmarva Power & Light Company
Summary of Large Volume Gas Customers and
Electing MVG Gas Customers WACCOG True-up
For the Months July 2011 through June 2012

| Actual Month | Billing Month | Estimated Commodity Cost Rate | Actual Commodity Cost Rate | Over (Under) | Firm Sales | Monthly Commodity Revenue | Over (Under) |
|-----------------------------|---------------|-------------------------------|----------------------------|--------------|------------|---------------------------|--------------|
| Jun-11 | Jul-11 | \$8.6210 | 9.6510 | (1.0300) | 3,743 | \$32,268 | (\$3,855) |
| Jul-11 | Aug-11 | \$8.1469 | 8.4343 | (0.2874) | 4,022 | \$32,767 | (\$1,156) |
| Aug-11 | Sep-11 | \$8.4596 | 5.9770 | 2.4826 | 4,151 | \$35,116 | \$10,305 |
| Sep-11 | Oct-11 | \$7.9450 | 8.5948 | (0.6498) | 4,510 | \$35,832 | (\$2,930) |
| Oct-11 | Nov-11 | \$8.6462 | 6.8466 | 1.7996 | 5,096 | \$44,061 | \$9,171 |
| Nov-11 | Dec-11 | \$8.1737 | 6.2928 | 1.8809 | 7,607 | \$62,177 | \$14,308 |
| Dec-11 | Jan-12 | \$6.0494 | 5.7654 | 0.2840 | 9,565 | \$57,863 | \$2,717 |
| Jan-12 | Feb-12 | \$5.6143 | 4.9346 | 0.6797 | 10,460 | \$58,726 | \$7,109 |
| Feb-12 | Mar-12 | \$5.4609 | 4.8877 | 0.5732 | - | \$0 | \$0 |
| Mar-12 | Apr-12 | \$5.2809 | 5.1097 | 0.1712 | - | \$0 | \$0 |
| Apr-12 | May-12 | \$4.5458 | 3.7431 | 0.8027 | - | \$0 | \$0 |
| May-12 | Jun-12 | \$6.7222 | 4.3794 | 2.3428 | - | \$0 | \$0 |
| Adjustment for Prior Period | | | | | | | (\$25,721) |
| Total | | | | | 49,154 | \$358,809 | \$9,948 |

Variance

2.77%

Total WACCOG Over / (Under) Recovery

\$9,948

Projected LVG & Electing MVG Sales for November 2012 - October 2013

0

LVG & Electing MVG WACCOG True-Up Surcharge

N/A

0

Note (1) The Estimated Commodity Cost Rate excludes the \$0.4560 charge associated with the 2011/2012 WACCOG True-Up, that was in effect on June 1, 2011.

| Billing Month | LVG Sales | Surcharge Rate | Surcharge Amount |
|------------------------------------|-----------|----------------|------------------|
| Nov 2010 through June 2011 Balance | | | (\$40,646) |
| Nov-11 | 5,096 | \$0.45600 | \$2,324 |
| Dec-11 | 7,607 | \$0.45600 | \$3,469 |
| Jan-12 | 9,565 | \$0.45600 | \$4,362 |
| Feb-12 | 10,460 | \$0.45600 | \$4,770 |
| Mar-12 | 0 | \$0.45600 | \$0 |
| Apr-12 | 0 | \$0.45600 | \$0 |
| May-12 | 0 | \$0.45600 | \$0 |
| Jun-12 | 0 | \$0.45600 | \$0 |
| Total | 49,154 | | \$14,925 |

Amount of Prior Period Surcharge Remaining

(\$25,721)

Delmarva Power & Light Company
Firm Sales

| <u>Description</u> | Twelve Months Estimated November 2012 Through October 2013 (Mcf) | 9 Months Actual 3 Months Estimated November 2011 Through October 2012 (Mcf) | Twelve Months Actual November 2010 Through October 2011 (Mcf) |
|--------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| November | 990,705 | 784,454 | 731,978 |
| December | 1,728,431 | 1,208,108 | 1,742,137 |
| January | 2,408,068 | 1,997,486 | 2,800,080 |
| February | 2,428,057 | 1,766,229 | 2,435,948 |
| March | 2,038,742 | 1,397,842 | 1,857,930 |
| April | 1,322,305 | 774,284 | 1,269,570 |
| May | 657,110 | 516,682 | 546,089 |
| June | 318,458 | 282,219 | 303,611 |
| July | 218,711 | 246,476 | 248,905 |
| August | 188,135 | 215,844 | 226,871 |
| September | 204,537 | 232,257 | 267,580 |
| October | 352,799 | 393,179 | 333,803 |
| Total | <u>12,856,057</u> | <u>9,815,061</u> | <u>12,764,502</u> |

Delmarva Power & Light Company Gas Costs

| Description | Twelve Months Estimated November 2012 Through October 2013 \$ | 9 Months Actual 3 Months Estimated November 2011 Through October 2012 \$ | Twelve Months Actual November 2010 Through October 2011 \$ |
|----------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Total Gas Supply Expenses | 83,056,079 | 104,502,675 | 152,659,092 |
| <u>Expense Credits</u> | | | |
| FPS Gas - Fuel Costs | 0 | 0 | (502) |
| Off System Sales - Fuel Cost (1) | 0 | (18,282,171) | (31,804,223) |
| Cash Outs | 0 | (3,640) | (24,330) |
| Company Use Gas | (41,110) | (48,603) | (81,704) |
| Off System Sales / Swaps | (1,567,669) | (1,462,448) | (2,347,788) |
| Capacity Release | (1,595,350) | (3,839,931) | (3,834,421) |
| FPS Margins | 0 | 0 | 42 |
| Interruptible Gas Transportation | (1,641,440) | (844,780) | (737,849) |
| Transition Charges | (515,626) | (477,629) | (526,079) |
| Balancing Charges | (393,961) | (398,791) | (375,688) |
| No Notice Swing Charges | 0 | 0 | (10) |
| Unauthorized Overrun | 0 | (36,360) | 0 |
| Total | <u>77,300,923</u> | <u>79,108,322</u> | <u>112,926,540</u> |

Notes:

- (1) The fuel costs associated with Off-System sales are not included in Estimated Total Gas Supply Expenses, and do not require removal.

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
August 2011 Through July 2012
12 Months Actual

| <u>Billing Month</u> | <u>Firm Sales</u> Mcf | <u>Total</u> <u>Gas Cost</u> <u>Recovery</u> <u>(\$)</u> | <u>Total</u> <u>Gas Cost</u> <u>(\$)</u> | <u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> <u>(\$)</u> | <u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> <u>(\$)</u> |
|-------------------------------------------------|--------------------------|-------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Deferred Fuel Balance @ July 31, 2011 | | | | | 12,743,580 |
| August 2011 | 226,871 | 2,167,660 | 5,086,879 | 2,919,219 | 15,662,799 |
| September 2011 | 267,580 | 2,530,677 | 5,245,395 | 2,714,718 | 18,377,516 |
| October 2011 | 333,803 | 3,171,098 | 6,671,315 | 3,500,217 | 21,877,733 |
| FPS True-Up (July 2011 - June 2012) | | | | | 0 |
| Interest Expense (November 2010 - October 2011) | | | | | 403,252 |
| Adjusted Balance | | | | | 22,280,985 |
| November 2011 | 784,454 | 7,173,575 | 9,223,195 | 2,049,620 | 24,330,605 |
| December 2011 | 1,208,108 | 10,704,732 | 11,629,717 | 924,984 | 25,255,589 |
| January 2012 | 1,997,486 | 17,692,861 | 12,711,044 | (4,981,816) | 20,273,773 |
| February 2012 | 1,766,229 | 15,618,151 | 10,637,683 | (4,980,468) | 15,293,305 |
| March 2012 | 1,397,842 | 12,408,482 | 7,769,920 | (4,638,562) | 10,654,743 |
| April 2012 | 774,284 | 6,876,763 | 5,373,246 | (1,503,518) | 9,151,225 |
| May 2012 | 516,682 | 4,589,386 | 4,535,267 | (54,119) | 9,097,107 |
| June 2012 | 282,219 | 2,523,593 | 3,747,225 | 1,223,632 | 8,320,738 |
| July 2012 | 246,476 | 2,209,245 | 3,078,234 | 868,989 | 9,189,727 |
| Total | 9,802,034 | 87,666,223 | 85,709,119 | (1,957,105) | |

Notes:

- 1) Gas Cost Recovery Revenue for August 2011 through October 2011 is based on the GCR of \$9.4042 as approved by Order No. 7642 in Docket No. 10-295F dated October 04, 2010.
- 2) Gas Cost Recovery Revenue for November 2011 through July 2012 is based on the GCR of \$8.8804 as approved by Order No. 8040 in Docket No. 11-381F dated September 20, 2011.
- 3) Balance is adjusted by (\$2,000,000).

Delmarva Power & Light Company
Development of Annual Commodity and Demand Expenses
August 2011 Through July 2012
12 Months Actual

| Description | 2012 | | | | | | | | | | | | Total |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | August | September | October | November | December | January | February | March | April | May | June | July | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Total Gas Supply Expense | 9,748,973 | 8,399,946 | 9,941,914 | 13,025,003 | 16,015,358 | 15,669,937 | 13,104,025 | 10,239,944 | 6,749,665 | 6,164,880 | 5,263,241 | 6,134,213 | 120,457,100 |
| Total Gas Commodity Expense | 7,246,282 | 5,951,819 | 7,390,847 | 10,549,148 | 13,570,372 | 13,170,020 | 10,767,357 | 7,904,605 | 4,398,736 | 3,771,174 | 2,927,751 | 3,800,075 | 91,448,187 |
| Fuel Credits: | | | | | | | | | | | | | |
| Off System Sales - Fuel Cost | (4,110,312) | (2,625,497) | (2,725,261) | (3,044,471) | (3,307,018) | (2,089,733) | (1,768,968) | (1,871,086) | (1,074,994) | (1,305,924) | (1,176,079) | (2,643,898) | (27,743,241) |
| Cash Outs | 0 | (5,278) | (7,327) | (16) | (958) | 0 | (2,001) | (314) | 0 | (7) | 0 | (345) | (16,245) |
| Company Use Gas | (3,677) | (2,874) | (3,782) | (3,768) | (3,483) | (3,509) | (3,837) | (10,570) | (5,830) | (5,174) | (4,047) | (2,680) | (53,231) |
| Total Fuel Credits | (4,113,989) | (2,633,649) | (2,736,370) | (3,048,255) | (3,311,458) | (2,093,241) | (1,774,806) | (1,881,970) | (1,080,824) | (1,311,104) | (1,180,126) | (2,646,924) | (27,812,716) |
| Total Gas Commodity Expense | 3,132,292 | 3,318,171 | 4,654,478 | 7,500,894 | 10,258,914 | 11,076,779 | 8,992,551 | 6,022,635 | 3,317,911 | 2,460,070 | 1,747,625 | 1,153,151 | 63,635,471 |
| Total Gas Demand Expense | 2,502,691 | 2,448,127 | 2,551,066 | 2,475,855 | 2,444,986 | 2,499,917 | 2,336,668 | 2,335,339 | 2,350,929 | 2,393,706 | 2,335,490 | 2,334,138 | 29,008,912 |
| Demand Credits @ 80% | | | | | | | | | | | | | |
| Off-System Sales & Swaps | (102,667) | (55,454) | (70,976) | (130,756) | (451,822) | (318,891) | (130,117) | (39,177) | (34,385) | (27,124) | (32,952) | (87,223) | (1,481,545) |
| Capacity Release | (318,959) | (346,204) | (334,821) | (503,223) | (516,972) | (429,221) | (401,529) | (423,071) | (135,834) | (139,381) | (161,452) | (208,248) | (3,918,915) |
| FPS Margins | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interruptible Gas Transportation | (64,195) | (57,070) | (63,173) | (53,348) | (54,564) | (57,353) | (48,852) | (39,674) | (46,088) | (46,820) | (51,208) | (44,530) | (626,855) |
| Subtotal | (485,821) | (458,728) | (468,970) | (687,328) | (1,023,357) | (805,465) | (580,498) | (501,922) | (216,288) | (213,325) | (245,611) | (340,002) | (6,027,314) |
| Demand Credits @ 100 % | | | | | | | | | | | | | |
| I/T Surcharges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transition Charges | (30,479) | (32,443) | (33,136) | (33,136) | (12,400) | (17,484) | (40,963) | (46,942) | (47,372) | (80,657) | (57,932) | (44,685) | (477,628) |
| No Notice Swing Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balancing Charges | (31,804) | (29,732) | (32,124) | (32,990) | (38,366) | (41,983) | (34,935) | (39,189) | (31,594) | (24,528) | (32,347) | (24,368) | (393,961) |
| Unauthorized Overrun | 0 | 0 | 0 | (100) | (60) | (720) | (35,140) | 0 | (340) | 0 | 0 | 0 | (36,360) |
| Total Demand Credits | (548,105) | (520,903) | (534,229) | (753,553) | (1,074,183) | (865,651) | (691,536) | (588,053) | (295,594) | (318,510) | (335,890) | (409,055) | (6,935,263) |
| Total Firm Demand Expenses | 1,954,587 | 1,927,224 | 2,016,837 | 1,722,301 | 1,370,803 | 1,634,266 | 1,645,132 | 1,747,286 | 2,055,336 | 2,075,196 | 1,999,599 | 1,925,083 | 22,073,649 |
| Total Firm Gas Expenses | 5,086,879 | 5,245,395 | 6,671,315 | 9,223,195 | 11,629,717 | 12,711,044 | 10,637,683 | 7,769,921 | 5,373,247 | 4,535,266 | 3,747,225 | 3,078,234 | 85,709,123 |

Delmarva Power & Light Company
Derivation of Transportation Balancing Charge
Proposed to be Effective November 1, 2012

Services Required For Swing & System Reliability

| | <u>Annual Cost</u> |
|--------------------------------------------|---------------------|
| 1 TRANSCO GSS | \$ 1,489,870 |
| 2 COLUMBIA FSS | \$ 540,376 |
| 3 COLUMBIA SST | \$ 711,410 |
| 4 EASTERN SHORE FT | \$ 3,906,660 |
| 5 Claymont/Ridge Road & Hockessin Upgrades | \$ 66,432 |
| 6 Estimated Upstream Costs of Balancing | <u>\$ 6,714,748</u> |

Projected System Throughput

| | | |
|----------------------------------------------|-------------------|---------|
| 7 Projected Firm Sales | 12,856,057 | 64.1% |
| 8 Projected FT | 6,388,595 | 31.9% |
| 9 Projected IT | 808,818 | 4.0% |
| 10 Total Sales and Transportation Deliveries | <u>20,053,470</u> | 100.00% |
| 11 Proposed Balancing Fee [line 6/line10] | <u>0.3348</u> | per mcf |